



HEFEI MEILING CO., LTD.
SEMI-ANNUAL REPORT 2013

August 2013

Section I. Important Notice, Contents and Paraphrase

Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of Hefei Meiling Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in the Semi-Annual Report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

The Company did not have directors, supervisors and senior executives of the Company could not guarantee the reality, accuracy and completion of the whole contents or have objections.

All the directors attended the board meeting on discussing the Semi-Annual Report in both ways of site and communication.

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either.

Chairman of the Company Mr. Liu Tibin, President Mr. Li Wei, CFO(Chief Financial Officer) Mr. Zhang Xiaolong and Mr.Tang Bin, person in charge of accounting organ hereby confirm that the Financial Report of Semi-Annual Report 2013 is authentic, accurate and complete.

The Financial Report of Semi-Annual Report 2013 of the Company had not been audited by CPAs.

Content

Section I. Important Notice, Contents and Paraphrase	1
Section II. Company Profile.....	4
Section III. Accounting data and summary of financial indexes.....	6
Section IV. Report of the Board of Directors.....	9
Section V. Important Events	33
Section VI. Changes in Shares and Particulars about Shareholders	71
Section VII Particular about Directors, Supervisors, Senior Executives and Employees	75
Section VIII. Financial Report.....	76
Section IX. Documents Available for Reference.....	210

Paraphrase

Items	Refers to	Contents
Company, the Company or Meiling Electric	Refers to	HEFEI MEILING CO., LTD
Sichuan Changhong or controlling shareholder	Refers to	Sichuan Changhong Electric Co., LTD
Changhong Group	Refers to	Sichuan Changhong Electronics Group Co., Ltd.
Hong Kong Changhong	Refers to	Changhong (Hong Kong) Trading Company Limited
Meiling Group	Refers to	Hefei Meiling Group Holdings Limited
Xingtai Holding	Refers to	Hefei Xingtai Holding Group Co., Ltd.
Shine Wing	Refers to	Shine Wing Certified Public Accountants Co., Ltd.
China Merchants Securities	Refers to	China Merchants Securities Co., Ltd.
Changhong Air-conditioner	Refers to	Sichuan Changhong Air-conditioner Co., Ltd.
Zhongshan Changhong	Refers to	Zhongshan Changhong Electric Co., LTD
Jiangxi Meiling Electric	Refers to	Jiangxi Meiling Electrical Co., Ltd.
Mianyang Meiling	Refers to	Mianyang Meiling Refrigeration Co., Ltd.
Huayi Compressor	Refers to	Huayi Compressor Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
Anhui Securities Bureau	Refers to	China Securities Regulatory Commission, Anhui Province Securities Regulatory Bureau
SSE	Refers to	Shenzhen Stock Exchange

Section II. Company Profile

I. Company information

Short form of the Stock	MEILINGDIANQI, WANMEILING-B	Stock code	000521, 200521
Short form of the Stock after changed (if applicable)	N/A		
Listing stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	合肥美菱股份有限公司		
Short form of the Company (in Chinese)	美菱电器		
Foreign name of the Company(if applicable)	HEFEI MEILING CO.,LTD.		
Abbr. of English name of the Company(if applicable)	HFML		
Legal representative	Liu Tibin		

II. Contact person and ways

	Secretary of the Board
Name	Li Xia
Contact adds.	No. 2163, Lian Hua Road, Economic and Technology Development Zone, Hefei
Tel.	0551-62219021
Fax.	0551-62219021
E-mail	lixia@meiling.com

III. Others

1. Way of contact

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

Applicable Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2012.

2. Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

Applicable Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2012.

3. Registration changes of the Company

Whether registration has changed in reporting period or not

Applicable Not applicable

Date/place for registration of the Company, registration number for enterprise legal license, number of taxation registration and organization code have no change in reporting period, found more details in Annual Report 2012.

4. Other relevant information

Whether other relevant information has changed in reporting period or not

Applicable Not applicable

Section III. Accounting data and summary of financial indexes

I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

Yes No

	Current period	Same period of last year	Increase/decrease in this report y-o-y (%)
Operating revenue (RMB)	5,951,444,575.32	5,312,610,523.12	12.02%
Net profit attributable to shareholders of the listed company(RMB)	135,691,575.62	110,855,042.20	22.40%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	130,640,697.58	111,636,785.91	17.02%
Net cash flow arising from operating activities(RMB)	-143,298,557.77	-260,544,290.53	45.00%
Basic earnings per share (RMB/Share)	0.1777	0.1742	2.01%
Diluted earnings per share (RMB/Share)	0.1777	0.1742	2.01%
Weighted average ROE (%)	4.49%	3.89%	0.60%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end (%)
Total assets (RMB)	9,508,516,311.47	7,886,140,432.47	20.57%
Net assets attributable to shareholder of listed company(RMB)	3,091,069,169.37	2,955,787,652.31	4.58%

Note: 763,739,20 shares counted as the denominator in calculation of the "basic earnings per share" and "diluted earnings per share" for the current period while 636,449,338 shares calculation for the same period of last year. Total share capital of the Company increased without affected the amount of shareholders' equity due to the capitalizing of common reserves implemented by the Company in August 2012, total share capital of the Company up to 763,739,205 shares from 636,449,338 shares after increased. The "basic earnings per share" and "diluted earnings per share" for January to June of 2012 based on new share capital (763,739,205 shares) are counted as RMB 0.1451 both, therefore, the Period has a growth of 22.40% compare with same of last year.

Whether share capital of the Company, from period-end to the disclosure date of semi-annual report, has changed and has influenced on amount of owners' equity due to the new shares issuing, increase issues in stocks, allotment, stock ownership incentive exercise and buy-back etc. or not

Yes No

II. Difference of the accounting data under accounting rules in and out of China

(I) Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable Not applicable

(II) Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable Not applicable

In RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Amount in this period	Amount in last period	Amount at period-end	Amount at period-begin
Chinese GAAP		110,855,042.20		2,955,787,652.31
Items and amount adjusted by foreign accounting rules				
--	--	--	--	--
Foreign accounting rules	--	110,855,042.20	--	2,955,787,652.31

(III) Reasons for the differences of accounting data under accounting rules in and out of China

The “Notice of Relevant Issues of Audit for Company with Domestically Foreign Shares Offering” was issued from CSRC dated 12 September 2007, since the day issuing, cancel the previous “dual audit” requirement for companies who offering domestically listed foreign shares (B-share enterprise) while engaging securities practice qualification CPA for auditing. The Company did not compile financial report under foreign accounting rules since 2007, the financial report of the Company is complying on the “Accounting Standard for Business Enterprise” in China, and therefore, there are no differences of accounting data under accounting rules in and out of China at period-end.

III. Items and amounts of extraordinary profit (gains)/loss

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-3,166,097.14	Found in “Non-operating income and expenditure” of Notes of Financial accounting report
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota	8,284,145.67	Found in “Non-operating income” of Notes of

or ration according to national standards, which are closely relevant to enterprise's business)		Financial accounting report
Other non-operating income and expenditure except for the aforementioned items	435,291.84	Found in "Non-operating income and expenditure" of Notes of Financial accounting report
Impact on income tax	235,081.59	-
Impact on minority shareholders' equity (post-tax)	267,380.74	-
Total	5,050,878.04	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable Not applicable

Section IV. Report of the Board of Directors

I. Summary

The macro-economy was still severe during the reporting period, with continuous depressed global economy and slowing down of domestic economic growth. Besides, the emerging economies faced certain difficulties. As to monetary market, Euro, JAP Yen and AUS Dollar experienced depreciation except USD and RMB which remained strong and which experienced appreciation continuously, respectively. As a result, the domestic economy recorded slowing growth. In particular, GDP growth rate on a quarter basis recorded continuous decline for the 1st and 2nd quarters of this year since its recovery against decline from the 4th quarter of 2012. In June, both of import and export data of the PRC recorded decrease as compared to the same period of last year, indicating unsatisfying import and export situation. As for home appliances industry, the refrigerator market turned to make aggressive growth instead of large disc growth. The national relevant industrial policies expired and terminated continuously, which urged the Company to make industry transition and upgrade immediately and made the industrial competition more furious. According to China Market Monitor (CMM), the market shares of the refrigerator, freezing box and air conditioner of the Company improved during the period from January to June of 2013.

Under this background, the Company continued to implement the “double three” strategy under the guidelines of “Meiling Dream” as proposed by the Board. It adhered to the operation policy of “seize external opportunity, strengthen incentives, and improve sales volume; strengthen internal management, improve efficiency and increase benefits” as determined by the Company as the beginning of the year, aiming to creating its brand, product, operation and marketing capacity. The Company actively responded to the adverse affects from external environment, continued to enhance its comprehensive competitiveness and realized continuous and stable growth in operation results. During the reporting period, the overall operation results of the Company was satisfying, realizing total operating revenue of RMB 5,951,444,575.32 with an increase of 12.02%, and net profit attributable to parent company of RMB 135,691,575.62 with an increase of 22.40%.

II. Analysis on major operations

(i) Summary

Business segment of refrigerator and freezing box: for the period from January to June 2013, this segment realized revenue of RMB 3,698,006,881.56, with an increase of 4.92%. According to CMM, Meiling refrigerators occupied market share of 10.09% in domestic market in terms of retail sales for the period from January to June 2013, with an increase of 0.31 percentage points as compared to the same period of 2012, ranking the 3rd position in terms of market share of single brand; Meiling continued to increase its market share in mid-high end refrigerator market. For example, in SBS refrigerator market, Meiling refrigerators accounted for 10.02% of the market share for the period from January to June 2013, with an increase of 0.11 percentage points as compared to the same period of 2012. Meiling freezing box occupied market share of 10.16% in domestic market in terms of retail sales for the period from January to June 2013, with an increase

of 1.61 percentage points as compared to the same period of 2012, ranking the 4th position in market share.

Business segment of air conditioner: for the period from January to June 2013, this segment realized income of RMB 1,864,585,839.05, with an increase of 25.96%. According to CMM, air conditioner segment occupied market share of 3.3% in domestic market in terms of retail sales for the period from January to June 2013, with an increase of 0.2 percentage points as compared to the same period of 2012.

Business segment of washer: this segment realized income of RMB69,580,523.51 in 2013, with an increase of 2.06 %.

(II) Year-on-year changes of main financial data

In RMB

	Current period	Same period of last year	Y-o-y increase/decrease (%)	Reasons for changes
Note receivable	2,490,026,671.99	1,738,725,417.01	43.21	Mainly because bank acceptance received in peak seasons increased, and which has not yet due for collection in the Period.
Account receivables	1,150,796,995.41	753,762,080.84	52.67	Mainly because sales increased in the Period, resulted by the time different of sales and amount collected.
Account paid in advance	160,540,856.24	49,414,835.51	224.88	Mainly because prepared for the coming peak season, account paid in advance for more procurement increased.
Other account receivable	250,578,232.84	31,288,336.44	700.87	Mainly because the subsidy of energy-saving and civil-benefit has not

				collected yet.
Short-term borrowings	459,268,050.00	45,456,805.14	910.34	Mainly because the short-term borrowings from parent company increased.
Account payable	2,339,285,831.36	1,462,293,958.34	59.97	Mainly because prepared for the coming peak season, more procurement increased.
Salary payable	76,205,784.37	137,325,501.89	-44.51	Mainly because the salary for December which was accrual for year of 2012 and annual bonus were paid in the Period.
Retained profit	521,435,836.67	385,744,261.05	35.18	Mainly because new profit increased in the Period.
Operation revenue	5,951,444,575.32	5,312,610,523.12	12.02	-
Operation cost	4,526,354,103.23	4,043,977,198.26	11.93	-
Sales expenses	1,049,206,682.51	937,857,498.97	11.87	-
Administrative expenses	169,954,161.54	158,911,541.76	6.95	-
Financial cost	-36,240,925.89	-34,586,978.46	4.78	-
Income tax expense	36,091,305.08	13,865,961.02	160.29	Mainly because the taxable amount increased in the Period.
R&D expenses	229,725,760.61	225,785,947.23	1.74	-
Operation tax and surcharge	58,543,334.84	43,172,959.76	35.60	Mainly because the accrual increased in the Period and

				disposal fund for scrap electronic products paid in the Period while no such charge at last year.
Assets impairment loss	22,012,431.67	37,119,691.31	-40.70	Mainly because inventory turnover ratio growth in the Period and the inventory with long period in stock decreased.
Investment income	751,289.68	260,963.91	187.89	Mainly because losses from part of the joint venture decreased y-o-y and profit from part of the joint venture growth y-o-y.
Non-operation revenue	9,017,138.67	4,579,649.44	96.90	Mainly because the government subsidy income recognized in the Period increased y-o-y.
Non-operation expenses	3,463,798.30	5,625,818.80	-38.43	Mainly because disposal of non-current assets decreased in the Period.
Net cash flow arising from operation activities	-143,298,557.77	-260,544,290.53	45.00	Mainly because more note receivable are due for consignment in the Period
Net cash flow arising from investment activities	-9,754,481.45	-73,475,537.64	86.72	Mainly because purchasing fixed assets decreased in the Period from

				parent company
Net cash flow arising from financing activities	402,848,863.38	94,225,024.64	327.54	Mainly because short-term borrowings from parent company growth in the Period
Net increase of cash and cash equivalent	255,142,493.78	-234,829,604.50	208.65	Net cash flow from operating activity and financing activity increased

(III)Major changes on profit composition or profit resources in reporting period

Applicable Not applicable

No major changes on profit composition or profit resources occurred in reporting period

(IV)The future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

Applicable Not applicable

No future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

(V)Summary on the progress of the operation plan as disclosed previously by the Company during the reporting period

During the reporting period, the Company mainly conducted the following works under its development strategy and the operation policy for 2013 to arrange annual operation plan and production operation:

1. Continued to carry out phoenix action to attract employees' participation

The Company continued to carry out "Phoenix action" competition, pursuant to which, under the final target of "within the following three years, the comprehensive market position of its refrigerators and freezing box products in both domestic and overseas sales rank the second among domestic enterprises" and the sub-targets that are expected to realize in 3 years, the Company expected to stimulate enthusiasm of all the staffs through conduct of competition activity among the systems and departments including manufacturing system, marketing system, overall-set matching system and service supporting department, aiming to improve its operation capacity and system efficiency, enhance its competitiveness and realize healthy and rapid development.

2. Hold external opportunities, emphasize on incentives and promote sales volume

The Company expects to improve its capacity in marketing and brand through external opportunities, and improve the awareness of performance and responsibility of its employees through increase performance review, finally to material improvements in domestic and overseas sales.

As for domestic marketing, the Company actively adjusted its market positioning and market strategy, holding firmly the upgrade trend of market structure. According to CMM, market share of Meiling refrigerators in level I market recorded in increase of 0.26 percentage points for the period from January to June 2013. during the reporting period, the Company accelerated upgrade of products structure through increasing product research and development, and focused on developing a series of Athena refrigerators and three-door electrical refrigerators for which sales volume increased over 5% for the first half year. The Company focused on its traditional presence markets and emerging strategic markets, and managed to expanded into certain emerging markets such as e-business and engineering machine. In the first half year, the e-business of the Company recorded an increase of over 200%. According to the national policy, the Company intensified promotion of energy-saving products.

As for overseas marketing, the Company focused on cultivation of core major customers and developing new customers, expanding ODM market and developing the air conditioning bases in Pakistan and Indonesia. In the first half year, the delivery quantity of refrigerator (freezing box) to core customers increased by over 40% as compared to previous year. The Company actively seeks for opportunity in domestic and overseas markets, and prepares a series of promotion plans and terminal promotion plans based on different periods in phases. Furthermore, it strengthens sales incentive policy and realizes continuous enhancement in overseas products sales for the first half of 2013.

3. Increase internal management, improve efficiency and increase benefits

The Company improves its products competitiveness and operation capacity through enhanced corporate governance and under the management mainline of “enhancement of three efficiencies”, so as to satisfy such target and improve its profitability.

The Company defines internal functions and responsibilities, expressly determines responsibility and obligations, strengthens performance review under KPI and establishes healthy performance culture system; with the plans to optimize products, the Company carries out integration of product platform, concentration on major types and efforts on star products. In the first half of 2013, sales of star products increased substantially. Meanwhile, the Company applied standardization and generalization to continuously improve its competitiveness. Through its planning in respect of quality enhancement, the Company established quality system, strengthened quality inspection and continued to improve product quality. Quality indicatives such as SCR and approval rate of export inspection were improved greatly in the first half year; in terms of production and manufacturing, the Company strengthened connection between production and sales, improved efficiency in management and technology, formed flexible production capacity and received obvious effects in improvement of manufacturing efficiency.

At the same time, the Company further strengthened internal control, and focused on improvement in personnel, finance and materials, particularly on improvements in turnover rate of finished products and turnover days of trade receivables, aiming to realize overall system improvement. Its operation efficiency continued to get improved and profitability was further released by virtues of continuous improvements in internal management

4. Implementation of “ten-year exchange of Athena refrigerator compressor for free”

Focusing on quality service, the Company strictly observed its commitment of “ten-years exchange of Athena refrigerator compressor for free” with continuous improvement in product quality and after-sales service, so as to enhance customers’ satisfaction. With further implementation of the quality services including “ten-years exchange of Athena refrigerator compressor for free”, the competitiveness of Athena refrigerator was further strengthened. In particular, sales of Athena refrigerator recorded an increase of over 86% in the first half year.

III. Constitution of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio (%)	Increase or decrease of operating revenue over same period of last year (%)	Increase or decrease of operating cost over same period of last year (%)	Increase or decrease of gross profit ratio over same period of last year (%)
According to products						
Refrigerators, freezers	3,698,006,881.56	2,769,769,582.32	25.10	4.92	6.17	-0.88
Air conditioning	1,864,585,839.05	1,416,148,573.24	24.05	25.96	22.09	2.41
Washing machine	69,580,523.51	59,340,139.19	14.72	2.06	9.20	-5.57
Others	70,393,867.38	51,448,643.75	26.91	8.40	-18.76	24.43
Total	5,702,567,111.50	4,296,706,938.50	24.65	10.99	10.55	0.30
According to region						
Domestic	4,868,852,134.59	3,521,005,994.95	27.68	7.67	7.03	0.43
Foreign	833,714,976.91	775,700,943.55	6.96	35.40	29.98	3.88
Total	5,702,567,111.50	4,296,706,938.50	24.65	10.99	10.55	0.30

IV. Core competence analysis

1. Company strength

(1) Brand capacity

Hefei Meiling Co., Ltd., one of the famous home appliances manufacturers in the PRC, owns several product lines such as refrigerator, freezing box and air conditioner. Meiling refrigerator, the leading products of the Company falls within the national inspection-free products and the first batch of national famous products. Meiling trademark is famous across the nation and listed as the most valuable brands in the PRC. The Company firstly implemented the policy of “ten-year exchange of Athena refrigerator compressor for free” in the industry, demonstrating further upgrade of service in refrigerator industry or even the entire home appliance industry.

(2) Product capacity

The Company has been focusing on refrigerator industry for 30 years, launching hundreds of refrigerator products of different types, including Athena series superior refrigerators, the coldest refrigerator across the world with the record of -192°C and top superior energy-saving refrigerator with daily electricity consumption of 0.21 degree and other products which represented the industrial development trend. As for product quality, the Company owned advanced development and quality assurance systems, and received certification of ISO9001 and ISO14000 from domestic and overseas authorities. The products of the Company have good quality and reliable capacities. As for technology development, the Company owned national technology centers, and advanced core technologies in energy-saving, air cooling, intelligence and copious cooling. Currently, the Company is developing intelligent refrigerator and frequency conversion project. As for product development, taking into account the customers' requirements for product upgrade, the Company focused on development of mid-high end products, double and three doors products with large volume in 2013. As for Athena series products, the Company successively launched several new products in types of 450, 537 and 560; as for three-door electrical-control products, new products in series of 213, 241 and 261 were launched. Mid-high end products were improved in terms of capacity and appearance. As for air conditioner products, the Company developed several frequency conversion products by virtues of its own advantage and promoted research and development of intelligent air conditioner project.

(3) Operation capacity

The Company actively learned from certain outstanding enterprises, carried out superior management activity and enhanced its fundamental management. The Company continued to improve the operation system of various business segments and joint ventures, improve value chain and promote standardized operations. The Company established healthy internal control system, strengthened management control, promoted standardized management through information and prevented operation risks. In 2013, the Company carried out enhancements in personnel, capital and materials, focusing on improvement of turnover rate of finished products and turnover days of trade receivables. The Company has obtained certain achievements and enhanced systematic efficiency on an overall basis.

(4) Marketing capacity

The Company established healthy sales network and service system. Meanwhile, it established its business marketing model by means of joint ventures. The Company continued to intensify construction of marketing team, and realized balanced development in various channels including chain, wholesale and e-business, etc. also, construction of Changhong-Meiling outlet is being progressed well. Meanwhile, the Company expanded into overseas markets with products exported to more than 100 countries and regions around the world.

2. Potential risks and countermeasures

(1) Macro economic risks

Macro economy was still severe in 2013. Due to weak overseas demand and appreciation of RMB, export faced increasing pressures. Domestic economy growth continued to slow down, real estate market continued to be managed, factors bringing economic uncertainty increased and macro situation was uncertain, all of which brought many unpredicted factors to home appliance industry.

(2) Industrial policy risk

In recent years, supporting from governmental policies materially affected home appliances industry. Elimination of go-to-country policies led to depressed level III and level IV markets. Termination of energy-saving people-beneficial project also affected products upgrades and market sales. Meanwhile, prior to the release of new stimulative policies, market would lack of such policy stimulation, which makes the future development of home appliances enterprises uncertain and results in increasing operating risks.

(3) Intensified industrial competition

Several home appliance enterprises successively expanded production scales in recent years, resulting in surplus of production capacity. Moreover, certain black electricity brands also involved in white electricity industries. Besides, the relevant industrial policy subsidy granted in previous years overdraft future consumption capacity to a large extent. The market turned to make aggressive growth instead of large disc growth. It is expected that market demand in the later half year would be insufficient and decline as compared to the same period of previous year. Competition would be more furious and industry reorganization is unavoidable. Unfavorable competition would lead to disorder competition in market, resulting in material potential operation risks for home appliances enterprises.

(4) Increase of labor cost

Influenced by the social factors including labor shortage, the labor cost increased greatly. This industry is labor intensified industry which requires large quantity of operators, which in turn makes the industry be subject to labor cost. Increase of labor cost resulted in increase of manufacturing costs, accordingly the profit margin of the Company was reduced.

Facing the above risks, the Company, on the one side, will raise awareness of risk prevention, and make advanced distribution in products, technology and markets. Particularly, it will further optimize production crafts, increase proportion of automatic production, improve production yield, reasonably control inventories of raw materials and finished products and improve human resources planning. On the other side, the Company will, under the guidelines of “Meiling Dream”, actively carry out “phoenix” competition activity, implement the operation policy of “seize external opportunity, strengthen incentives, and improve sales volume; strengthen internal management, improve efficiency and increase benefits, improve cost competitiveness, market share and brand image, increase its comprehensive competitiveness, so as to realize sustainable development of the Company.

3. Operation policy of the Company for the later half year

In front of severe macro economic situation and industry trend, the Company, under the guidance of “Meiling Dream” and correct leadership of the Board, will rebuild its corporate culture, establish core value idea of “honesty, wisdom and courage”, implement “double three” strategy and adhere to the operation policy of “seize external opportunity, strengthen incentives, and improve sales volume; strengthen internal management, improve efficiency and increase benefits”, striving

to become the respectful home appliance enterprise advanced in the PRC and the world and realize “Meiling Dream”.

The major operation measures of the Company for the later half year:

(1) Under “seize external opportunity, strengthen incentives, and improve sales volume”, the Company improves its capacity of marketing and brand

As for domestic marketing, the Company will continue to promote product structure upgrade and market structure upgrade, with focus on development of mid-high end refrigerators such Athena series and construction of level I and II markets; the Company will strengthen construction of strategic markets and base markets, consolidate beneficial markets and improve weak markets; the Company will increase market shares of emerging business such as e-business, and promote switch of washer products. As for overseas marketing, the Company will continue to develop core major customers and expand new businesses of its existing customers. As for European, Asian, African and American markets, the Company adopts different strategies aiming to become larger and stronger. In respect of air conditioner products, the Company will adjust product structure and prepare high efficient inventory, increase of the sales proportion of frequency conversion machines; meanwhile, with consideration of the intelligent development strategy and market competition trend, the Company reorganizes its product lines, makes product planning and improve product competitiveness.

(2) Under “strengthen internal management, improve efficiency and increase benefits”, the Company improves its capacity of products and operations

The Company will continue to improve its operation capacity, set strict control over budget, further determines the specific functions and responsibilities of various departments based on value chain, raise awareness of responsibility, implement accounting system and performance review; the Company will continue to promote concentration of platforms and products, build star products, continue to reduce cost and improve product competitiveness; the Company will emphasize on improvement of management and technology, stability of existing core staff and cultivation of new core staff and enhancement of manufacturing efficiency; the Company will strengthen coordination between production and sales, improve effective management of inventory, minimize non-performing receivables, enhance capital effects, and realize personnel effects enhancement through technology effect enhancement; the Company will optimize supply chain management, improve delivery rate of export orders, shorten delivery cycle and promote expansion of overseas operations.

V. Investment analysis

(I). Situation of equity investment outside

1. Situation of investment outside

Investment outside		
Investment in the reporting (RMB)	Investment in the same period of last year's (RMB)	Changes (%)
0	0	0

Invested company		
Name	Main business	Equity proportion in invested company for Listed company (%)
-	-	-

2. Holding equity of financial enterprise

Name	Type	Initial investment capital (RMB)	Shares held at period-begin (Share)	Proportion of shares held at period-begin (%)	Shares held at period-end (Share)	Proportion of shares held at period-end (%)	Book value at period-end (RMB)	Gains/losses in report period (RMB)	Accounting items	Resources
Huishang Bank Co., Ltd.	Commercial bank	5,000,000.00	10,737,573	0.13%	10,737,573	0.13%	5,000,000.00	1,073,757.30	Long-term equity investment	Initial investment
Total		5,000,000.00	10,737,573	--	10,737,573	--	5,000,000.00	1,073,757.30	--	--

3. Security investment

Applicable Not applicable

Explanation on equity of other listed company held

Applicable Not applicable

(II) Trust financing, derivative investment and trust loans

1. Trust financing

Applicable Not applicable

2. Derivative investment

Applicable Not applicable

Open position of derivative investment at period-end

Applicable Not applicable

3. Trust loans

Applicable Not applicable

(III) Actual usage of raised capitals

1. General usage of raised capital

In 10 thousand yuan

Total raised capitals	117,795.4320
Total raised capital invested in reporting period	7,324.0125
Total accumulative raised capital invested	82,950.6085
Total raised fund for changes its usage area in report period	0
Total accumulative raised fund for changes its usage area	0
Proportion of total accumulative raised fund for changes its usage area (%)	0
Explanation on general usage of raised capital	
Ended as 30 June 2013, accumulative raised capital actually used RMB 829,506,084.99, balance of raised capital amounting as RMB 380,539,052.56 (including interest income RMB 32,090,817.55); in addition, the Company had no situation of using idle raised funds to supply the current cash temporary.	

2. Commitments of raised capital

In 10 thousand yuan

Total raised capitals				117,795.4320	Total raised capitals used in this Period				7,324.0125	
Total raised fund for changes its usage area in report period				0	Total raised capitals used accumulated				82,950.6085	
Total accumulative raised fund for changes its usage area				0						
Proportion of total accumulative raised fund for changes its usage area				0.00%						
Committed investment projects	Projects changed or not (including changed partially)	Total committed investment of raised capitals	Total investment after adjustment (1)	Amount invested in report period	Amount of accumulated investment till the period-end (2)	Investment program till the period-end (3)=(2)/(1)	Predicted useable date of project	Realized interests in the reporting	Reach the predicted interest or not	Project feasibility was changed hugely or not

Capacity expansion for Athena Luxury refrigerator	Unchanged	73,000.00	73,000.00	4,438.8069	47,469.8484	65.03%	1 st phase:2012.6 2 nd phase:2013.6	5,166.48	No	Un-changed
Freezer capacity expansion project	Unchanged	30,000.00	30,000.00	2,885.2056	20,674.8457	68.92%	1 st phase:2011.1 2 nd phase:2013.4	1,081.74	No	Un-changed
Expansion project of environmental and energy-saving refrigerators(Note 5)	Unchanged	11,000.00	11,000.00	-	11,009.1034	100.08%	2010.12	599.09	No	Un-changed
Supplementary current capitals	Unchanged	3,795.4320	3,795.4320	-	3,796.8110	100.04%	-	-	-	Un-changed
Total		117,795.4320	117,795.4320	7,324.0125	82,950.6085	70.42%	-	6,847.31	-	-
Capital invested in areas with fund raising out of the plan				No fund raising out of the plan						
Loans payment to Bank(if applicable)	-	-	-	-	-	-	-	-	-	-
Current capital supplementation(if applicable)	-	-	-	-	-	-	-	-	-	-

Subtotal of Capital investment with fund raising out of the plan	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Reasons for falling behind the target progress or target income(By projects)	Note1, Note 2									
Statement for major change of project feasibility	N/A									
Amount, usage and progress of using for fund raising out of the plan	N/A									
Change of implementation place of investment project of raised capitals	N/A									
Regulation of implementation ways of investment project of raised capitals	N/A									
Preliminary investment and replacement of investment project of raised capitals	Note 3									
Temporarily supplement for the current capitals with idle raised capitals	Note (II) Temporarily supplement for the current capitals with idle raised capitals									
Amount and reason for surplus of raised capitals when implementing projects	N/A									

Usage of the retained raised fund and what is expected to invested with those fund	Note 4
Problems exists in usage and disclosure of the raised fund and other information	N/A

Note 1: phase I and phase II of Athena superior refrigerator capacity expansion project have been running and could reach the intended use and operate well, with annual capacity of 2,000,000 sets of Athena superior refrigerators.

Phase I and phase II of freezing box capacity expansion project have been running and could reach the intended use and operate well, with annual capacity of 1,200,000 sets of freezing boxes.

In recent years, demands in home appliances market declined substantially, with great decline in markets sales as compared to the same period of previous year. As for refrigerator and freezing box industry, market sales also felled continuously and industrial competition was furious. Furthermore, with increasing labor cost and transportation cost, the implementation of the projects privately funded by the Company failed to reach the projected benefits.

Note 2: the capital invested in capacity expansion of Athena luxury refrigerators and capacity expansion of freezers as actual schedule, and in the light of relevant terms, the accounts such as infrastructure and equipments of items were paid one by one in the light of implementation schedule and contract agreement. The period-end investment progress of supplementary current capital has been beyond 100% mainly due to the used raised capital included deposit interest of raised capital.

Note 3: Substitution of preliminary investment in invested items of raised funds

Shine Wing Certified Public Accountants Co., Ltd. the Company engaged made special approval on particulars of self-collecting capitals investing in invested items of funds raised of non-public stock issue since 15 January 2011. According to the approval, ended as 15 January 2011, the particulars of self-collecting capitals investing in invested items of funds raised are as follows:

No.	Name of projects	Invested amount from self-collecting
1	Athena Luxury refrigerator production base	241,684.00
2	Freezer expansion project	72,959,508.44
3	Expansion project of environmental and energy-saving	15,580,344.77
Total		88,781,537.21

Note: part of the above accounts will be settled by means of bank acceptance bills and negotiable endorsement of bank acceptance bills

Shine Wing Certified Public Accountants Co., Ltd. has issued the Special Approval Report about Hefei Meiling Co., Ltd's Self-collecting Capitals Investing in Invested Items of Funds Raised (XYZH/2010CDA6038) on Jan. 17, 2011. The substitution was agreed by the sponsor institution China Merchants Securities Co., Ltd, and was reviewed and approved on the 41st meeting of the 6th Board of Directors. And at the same time, the independent directors, board of supervisors issued concurring opinion.

Note 4: Usage and flow of raising fund not used.

For the purpose of reducing the financial cost and higher the efficiency of raising fund, Partial raising fund was withdrew the fixed deposit under the premise of no impact on the investment project implementation.

Note 5: RMB 110 million was invested in capacity expansion of environmental and energy-saving refrigerators, including RMB 50 million was used in capital increase of Mianyang

Meiling Refrigerator Co., Ltd. (“Mianyang Meiling”) for environmental and energy-saving refrigerators production line which produces and processes environmental and energy-saving refrigerators. The increase capital had been done. RMB 60 million had been used in R&D of environmental and energy-saving refrigerators, purchase of raw materials and sales which had been used up. Thus book funds of the special account of raised capital had been used up.

The use of raise funds project of the Company had no changes until now.

(II) Temporary supplementation of circulating capital from idle raising fund

For purpose of reducing the financial cost, higher the efficiency of raising fund, the Proposal of temporary supplementation of circulating capital from partial idle raising fund has been deliberated and approved by 43rd Meeting of 6th Board of Directors and 14th Meeting of 6th Board of Supervisors. Partial raising fund was consented for temporary supplementation for circulating capital under the premise of no impact on the investment project implementation, amount of RMB 60 million raised fund within 6 months term, which is from 25 March 2011 to 25 September 2011. Meanwhile, independent directors and supervisors shows favor opinions for that. The used idle raised fund of RMB60 million has been returned to the specific raised fund account on time dated 2 June 2011. The above matters have been disclosed by the Company in media including Securities Times, China Securities Journal, Hong Kong Commercial Daily and www.cninfo.com.cn as notice (No. 2011-017, No. 2011-018, No. 2011-019 and No. 2011-033) dated 26 March and 3 June 2011 respectively.

For purpose of maximized the usage of raising fund, reduced the financial expenses, lower the operational cost and under the premise of ensure the capital requirement for investment project, the Proposal of temporary supplementation of circulating capital from partial idle raising fund has been deliberated and approved by 47th Meeting of 6th Board of Directors, 16th Meeting of 6th Board of Supervisors and 2nd Extraordinary Shareholders’ General Meeting 2011. Partial raising fund was consented for temporary supplementation for circulating capital, amount of RMB 500 million within 6 months since the date of approval day from Shareholders’ General Meeting, which is from 23 June 2011 to 23 December 2011. Furthermore, the event has been approved by the sponsor and independent directors. The used idle raised fund has been returned to the specific raised fund account on time dated 1 December 2011. The above matters have been disclosed by the Company in media including Securities Times, China Securities Journal, Hong Kong Commercial Daily and www.cninfo.com.cn as notice (No.: 2011-034, No. 2011-035, No. 2011-037, No. 2011-042 and No. 2011-060) dated 8 June 2011, 24 June 2011 and 1 December 2011 respectively.

For purpose of higher the efficiency of raising fund, reducing the financial expenses, lower the operational cost and under the premise of ensure the capital requirement for investment project, the Proposal of temporary supplementation of circulating capital from partial idle raising fund has been deliberated and approved by 7th Meeting of 7th Board of Directors, 4th Meeting of 7th Board of Supervisors and 5th Extraordinary Shareholders’ General Meeting 2011. Partial raising fund was consented for temporary supplementation for circulating capital, amount of RMB 400 million within 6 months since the date of approval day from Shareholders’ General Meeting, which is from 21 December 2011 to 21 June 2012. The used idle raised fund of n has been returned to the specific raised fund account on time dated 22 May 2012. Furthermore, the event has been approved by the sponsor and independent directors. The above matters have been disclosed by the Company in media including Securities Times, China Securities Journal, Hong Kong Commercial Daily and

www.cninfo.com.cn as notice (No. 2011-061, No. 2011-062, No. 2011-063, No. 2011-068 and No. 2011-016) dated 6 December, 3 December 2011 and 23 May 2011 respectively.

For purpose of higher the efficiency of raising fund, reducing the financial expenses and satisfy development need of the Company, the Proposal of temporary supplementation of circulating capital from partial idle raising fund has been deliberated and approved by 13th Meeting of 7th Board of Directors, 8th Meeting of 7th Board of Supervisors and 1st Extraordinary Shareholders' General Meeting 2012. Partial raising fund was consented for temporary supplementation for circulating capital, amount of RMB 300 million within 6 months since the date of approval day from Shareholders' General Meeting, which is from 12 June 2012 to 12 December 2012. The used idle raised fund of n has been returned to the specific raised fund account on time dated 20 November 2012. Furthermore, the event has been approved by the sponsor and independent directors. The above matters have been disclosed by the Company in media including Securities Times, China Securities Journal, Hong Kong Commercial Daily and www.cninfo.com.cn as notice (No. 2012-017, No. 2012-018, No. 2012-019, No. 2012-025 and No. 2012-044) dated 26 May, 13 June 2012 and 21 November 2012 respectively.

In order to further raise the application efficiency of capital proceeds and reduce finance costs, thus to bring maximum benefit for the Company and shareholders, as approved at the 21st meeting of the 7th board, the 12th meeting of the 7th supervisory committee and the 3rd extraordinary general meeting of 2012, the independent directors and sponsor of the Company agreed the Company to apply part of idle capital proceeds to supplement current capital for temporary purpose. The amount was RMB300 million, and the application term shall not exceed 6 months from the date as approved at the general meeting, namely from 11 December 2012 to 11 June 2013. The used idle raised fund has been returned to the specific raised fund account on time dated 7 June 2013. The aforesaid issue has been disclosed on the announcements (No. 2012-045, No. 2012-046, No. 2012-047, No. 2012-050 and No.2013-22) at Securities Times, China Securities Journal, Hong Kong Commercial Daily and www.cninfo.com.cn on 24 November, 12 December 2012 and 8 June 2013.

Till now, the Company has been performing relevant duties under its commitments.

3. Changes of raise capital projects

Applicable Not applicable

4. Project with fund raised

Introduction of fund raised project	Disclosure date	Disclosure index
Detail fund utilization and projects reference to the "Specific Report of Fund Raised Deposit and Actual Utilization of Funds in First Half Year of 2013 of the Board of Hefei Meiling Co., Ltd." disclosed at the same date	2013-8-16	Juchao Website (www.cninfo.com.cn)- "Specific Report of Fund Raised Deposit and Actual Utilization of Funds in First Half Year of 2013 of the Board of Hefei Meiling Co., Ltd."

(IV) Main subsidiary of the Company and stock jointly company analysis

1. Subsidiary and stock jointly enterprise of the Company

Name	Type	Industry	Main products or service	Registered capital (10 thousand yuan)	Total assets (RMB)	Net assets (RMB)	Operation revenue (RMB)	Operation profit (RMB)	Net profit (RMB)
Zhongke Meiling Low-temperature Technology Co., Ltd.	Subsidiary	Manufacturing	Deep-freeze refrigerator, icebox	6,000	102,522,002.03	79,201,314.79	29,602,809.03	2,840,164.69	3,092,282.42
Jiangxi Meiling Refrigeration Co., Ltd.	Subsidiary	Manufacturing	Sales and production of refrigerator	4,000	80,252,496.97	53,362,333.44	8,909,218.58	-1,695,004.48	-662,705.04
Jiangxi Meiling Electrical Co., Ltd.	Subsidiary	Manufacturing	Sales and production of refrigerator	5,000	181,289,449.40	82,779,286.07	180,657,531.94	4,153,403.26	4,208,104.11
Mianyang Meiling Refrigeration Co., Ltd.	Subsidiary	Manufacturing	Sales and production of refrigerator	10,000	126,876,389.77	95,666,464.48	128,598,655.81	2,893,693.77	2,898,089.48
Sichuan Changchun Air-conditioner Co., Ltd.	Subsidiary	Manufacturing	Sales and production of air-conditioner	20,000	1,526,342,196.02	422,664,407.18	1,584,305,002.85	62,769,329.65	53,469,313.72
Zhongshan Changhong Electric Co., LTD	Subsidiary	Manufacturing	Sales and production of air-conditioner	8,000	399,748,389.24	97,545,835.00	355,834,941.39	14,593,580.76	12,091,038.07
Hefei Meiling Electronic Appliance Marketing Co., Ltd.	Subsidiary	Manufacturing	Sales of refrigeration appliance, air-conditioner,	5,500	1,086,373,009.56	-110,132,660.63	2,783,855,266.07	-26,269,379.98	-24,369,960.95

			washing machine and general merchandise						
Hefei Group Limited	Meiling Holdings	Subsidiary	Manufacturing of washing machine, plastic products, fine welded pipe, cooling parts, package products and decoration ; sales of self-production products and raw materials, machinery equipment , instruments and general merchandise	8,000	187,202,697.06	8,278,473.77	135,119,355.24	-900,999.26	-811,181.32

(V) Major project with non raised fund

In 10 thousand yuan

Project	Total investment amount	Amount invested in the period	Amount actually invested ended as period-end	Progress	Project earnings
Relocation and capacity expansion project	26,924.12	4,482.35	19,168.19	Officially put into production in	The project completed

of Jiangxi Meiling Electric Co., Ltd.				January 2013; up to end of June 2013, the project has completed and completed ending; most of the acceptance has completed, completion acceptance expected to be done within the year and project settlement still in process	basically in end of December 2012 and put into production officially in January 2013; Jiangxi Meiling Electric achieved profit approximately as RMB 4.21 million from January to June.
Total	26,924.12	4,482.35	19,168.19	--	--
Query date for temporary notice disclosed on appointed website (if applicable)	N/A				
Query index for temporary notice disclosed on appointed website (if applicable)	N/A				

VI. Prediction of business performance from January – September 2013

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

Applicable Not applicable

VII. Explanation on “Qualified Opinion” from CPA by the Board and Supervisory Committee

Applicable Not applicable

VIII. Explanation from the Board for “Qualified Opinion” of last year’s

Applicable Not applicable

IX. Implementation of profit distribution in reporting period

Implementation or adjustment of profit distribution plan in reporting period, cash dividend plan and shares converted from capital reserve in particular

Applicable Not applicable

On 21 March 2013 and 6 June 2013, the “Profit Distribution Plan for year of 2012” was deliberated and approved by 23rd meeting of 7th session of the Board, 13th meeting of 7th session of supervisory committee and annual shareholders’ general meeting of 2012. Independent directors also express independent acceptance opinion for the proposal. The Company agreed to distribute RMB 0.5 (tax included) in cash for every 10 shares held by all shareholders of the Company based on total share capital 763,739,205 shares dated 31 December 2012, took shareholders equity and long-term development requirement of the Company into consideration overall. Cash dividend of RMB38, 186,960.25 (tax included, cash dividend representing 16.72% of the distributable profit for that year) was distributed in total. Total share capital of the Company remain unchanged after distribution, the remaining retained profit RMB 499,554,282.32 accumulated will carry forward for distribution in later years. The Company disclosed the profit distribution plan for year of 2012 on 15 July 2-13 and implemented the above said plans.

Found more details in Notice: No.2013-008, No.2013-009, No.2013-021 and No.2013-024 published respectively dated 22 March 2013, 7 June 2013 and 16 July 2013 on appointed website.

X. Profit distribution plan and capitalizing of common reserve plan for the Period

Applicable Not applicable

XI. Registration of research, communication and interview in reporting period

Date	Place	Way	Type	objects	Main information discussed and material provided
2013-01-14	Conference room of the Company	Field research	Institute	Changjiang Securities, Huatai-PineBridge Fund Management Co., Ltd., Fortune SG Fund Management Co., Ltd.	Operation of the Company, no materials provided
2013-01-17	Conference room of the Company	Field research	Institute	China International Fund Management Co., Ltd.	Operation of the Company, no materials provided
2013-01-23	Conference room of the Company	Field research	Institute	Donghai Securities Co., Ltd., Guotai Funds	Operation of the Company, no materials provided
2013-01-30	Conference room of the Company	Field research	Institute	China Assets Management	Operation of the Company, no materials provided
2013-03-25	Conference room of the Company	Field research	Institute	Ping An Asset Management Co., Ltd., Sinolink Securities Co., Ltd., Caitong Fund Management	Operation of the Company, no materials provided

				Co., Ltd., HFT Investment Management Co., Ltd, Lombarda China Fund Management Co., Ltd.	
2013-03-28	Conference room of the Company	Field research	Institute	Everbright Securities Asset Management Co., Ltd., Guotai Funds, Nanjing Securities Co., Ltd., China Merchants Securities Co., Ltd., China AMC	Operation of the Company, no materials provided
2013-03-29	Conference room of the Company	Field research	Institute	Northeast Securities Co., Ltd.	Operation of the Company, no materials provided
2013-04-25	Conference room of the Company	Field research	Institute	Chang Xin Asset Management Co., Ltd., Xiangcai Securities Co., Ltd., Guoyuan Securities Co., Ltd.	Operation of the Company, no materials provided
2013-04-26	Conference room of the Company	Field research	Institute	Great Wall Securities Co., Ltd.	Operation of the Company, no materials provided
2013-05-08	Conference room of the Company	Field research	Institute	Founder Securities, ICBC Credit Suisse Asset Management Co., Ltd., Dongguan Securities Co., Ltd., Changjiang Securities, China Investment Securities Co., Ltd.	Operation of the Company, no materials provided
2013-05-28	Conference room of the Company	Field research	Institute	Minsheng Securities	Operation of the Company, no materials provided

Section V. Important Events

I. Corporate governance

Actual corporate governance of the Company shows no difference with the Company Law and requirement of relevant regulations from CSRC.

II. Material lawsuits and arbitration

Applicable Not applicable

1. No material lawsuits and arbitration in the reporting

2. Other part of lawsuits and arbitration in the reporting

To maintain the independence and completeness of the trade mark and trade name Meiling, following the principle of centralized management and unified use of trade mark and trade name, the Company detailed combed and thoroughly checked the situation left over by history in which the use the trademark and trade name are permitted before the acquisition of 100% property rights of Hefei Meiling Holding Group co., LTD. (hereinafter referred to as the Meiling Group). As at the end of reporting period, the litigation and arbitration Meiling brand involved is in the progress as follows:

(1) The case of a subsidiary company named Hefei Meiling Group taking an action to Hefei Meiling Household Appliances co., LTD for dissolving the Trademark License Agreement signed before had ended. More details can be found in Annual Report 2012.

(2) The case concerning the removal of Trademark License Agreement and the compensation for losses, signed by Meiling Group, Hefei Meiling Communication Technology Co., Ltd. and Hefei Meiling cabinet Electrical Appliance Co., Ltd. and other companies, is applied to Hefei Arbitration Commission, and has already in the trial, waiting for a ruling by Hefei Arbitration Commission.

III. Questions by media

Applicable Not applicable

No questioned by media in the reporting period.

IV. Bankruptcy reorganization

Applicable Not applicable

V. Assets transaction

(I) Acquisition of assets

Applicable Not applicable

(II) Assets sold

√Applicable □Not applicable

Counterparty	Assets sold	Date for sales	Trading price (in 10 thousand Yuan)	Net profit contributed to listed company from period-begin to date for sale (in 10 thousand Yuan)	Impact on the Company (Note 3)	Ratio of the profit contributed to listed company in total net profit (%)	Pricing principle	Whether a related transaction or not	Relationship with counterparty (apply to related transaction)	Whether the ownership of the assets have been transferred totally or not	Whether the debts and liability have been transferred totally or not	Disclosure date	Disclosure index
Hefei Land Reserve Center	Land use right of comprehensive economic development zone, Longgang Hefei	2013-6-25	7,448.4884		Benefit a lot in promoting and rapid-up the process of manufacturing resources integration as a whole, meanwhile, produce the land resources results, activate the stock assets of the Company and increase more cash inflow.		Market principle	No	Not applicable	Reserved by Hefei Land Reserve Center	Not applicable	1 June 2013 and 28 June 2013	Juchao website: Notice of Part of the Lands Reserve No.: 2013-020; and Notice of Progress of Part of the Lands Reserves No.: 2013-023

					Being preliminary estimated, that the Company will earn approximately RMB 11 million after the land compensation payable from Hefei Land Reserve Center received (time uncertainty). Detail accounting treatment subject to the annual audit results by CPA.								
--	--	--	--	--	--	--	--	--	--	--	--	--	--

(III) Enterprise combination

Applicable Not applicable

VI. Implementation and its influence of equity incentive plan

Applicable Not applicable

VII. Material related transaction

(I) Related transaction with daily operation concerned

Serial	Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principle	Related transaction price	Related transaction amount	Proportion in similar transactions (%)	Clearing form for related transaction	Market price	Date of disclosure	Index of disclosure
1	Sichuan Changhong Electric Co., LTD	Controlling shareholder and ultimate controller	Commodity purchased	Color masterbatch, steel plate, electric melting, resistors, accessory etc.	Marketing price	6081.61	6081.61	1.34%	Spot exchange or bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website (www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
2	Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Compressor	Marketing price	36107.46	36107.46	7.96%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
3	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Plastic products etc.	Marketing price	18300.48	18300.48	4.03%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
4	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Door shell, baseboard etc.	Marketing price	8490.76	8490.76	1.87%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
5	Mianyang Hongfa	Other enterprise control under the	Commodity purchased	Plastic parts	Marketing price	3.50	3.50	0.00%	Bank acceptance	-	2013-3-22,	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021

	Mould Design Co., Ltd.	same controlling shareholder and ultimate controller									2013-6-7	3-021
6	Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Packing case, printed matter etc.	Marketing price	1758.07	1758.07	0.39%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
7	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	PCB etc.	Marketing price	191.30	191.30	0.04%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
8	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Battery	Marketing price	35.52	35.52	0.01%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
9	Sichuan Liyuan Electronic Co., Ltd. of 081 Electronic Group	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Transformer and filter	Marketing price	673.79	673.79	0.15%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
10	Mianyang Hongrun Electronic Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Conductor line etc.	Marketing price	573.22	573.22	0.13%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021

11	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Foam pieces etc.	Marketing price	19.40	19.40	0.00%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
12	Mianyang Hongfa Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Plastic parts	Marketing price	4.41	4.41	0.00%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
13	Guangdong Changhong Digital Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Plastic parts	Marketing price	7.84	7.84	0.00%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
14	Sichuan Changhong Electronic Devices Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Printed board, remote control and transformer	Marketing price	1961.00	1961.00	0.43%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
15	Sichuan Changhong Xinrui Technology Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Component	Marketing price	272.16	272.16	0.06%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
16	Sichuan Changhong Electric Co., LTD	Controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner, refrigerator	Marketing price	71470.33	71470.33	12.01%	Spot exchange, Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
17	Sichuan	Controlling	Commodity	Air-conditioner	Marketing	267.46	267.46	0.04%	Spot	-	2013-3	Juchao Website(www.cninfo.com.cn)

	Changhong Electronics Group Co., Ltd.	shareholder and ultimate controller	purchased		price				exchange, Bank acceptance		-22, 2013-6-7	No.:2013-008,2013-009,2013-011,2013-021
18	PT.CHANG HONG ELECTRIC INDONESIA	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner	Marketing price	2977.40	2977.40	0.50%	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
19	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner	Marketing price	1814.08	1814.08	0.30%	Spot exchange, Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
20	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner	Marketing price	5577.96	5577.96	0.94%	Spot exchange, Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
21	Mianyang LJY Commerce-Trading Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner, refrigerator, freezer and washing machine	Marketing price	237.14	237.14	0.04%	Spot exchange, Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
22	Changhong (Hong Kong) Trading Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner	Marketing price	14.01	14.01	0.00%	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
23	Chongqing	Other enterprise	Commodity	Air-conditioner,	Marketing	51.91	51.91	0.01%	Spot	-	2013-3	Juchao Website(www.cninfo.com.cn)

	Hong Life Commerce-Trading Co., Ltd.	control under the same controlling shareholder and ultimate controller	purchased	refrigerator and washing machine	price				exchange, Bank acceptance		-22, 2013-6-7	No.:2013-008,2013-009,2013-011,2013-021
24	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner	Marketing price	31.62	31.62	0.01%	Spot exchange, Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
25	Changhong Electric (Australia) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner, refrigerator	Marketing price	716.74	716.74	0.12%	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
26	Guangdong Changhong Digital Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner	Marketing price	103.04	103.04	0.02%	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
27	Sichuan Changhong Minsheng Logistic Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner	Marketing price	22.82	22.82	0.00%	Spot exchange, Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
28	Sichuan Service Exp. Appliance Service Chain Co.,	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner, spare parts	Marketing price	418.95	418.95	0.07%	Spot exchange, acceptance settlement	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021

	Ltd.											
29	Sichuan Changhong Power Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner	Marketing price	3.50	3.50	0.00%	Spot exchange, Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
30	CHANGHONG ELECTRIC MIDDLE EAST FZE	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner	Marketing price	1796.39	1796.39	0.30%	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
31	Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner	Marketing price	45.71	45.71	0.01%	Spot exchange, Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
32	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Packing container	Marketing price	115.91	115.91	0.02%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
33	Sichuan Liyuan Electronic Co., Ltd. of 081 Electronic Group	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner	Marketing price	254.70	254.70	0.04%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
34	Sichuan	Other enterprise	Commodity	Air-conditioner	Marketing	0.56	0.56	0.00%	Bank	-	2013-3	Juchao Website(www.cninfo.com.cn)

	Changhong Package Printing Co., Ltd.	control under the same controlling shareholder and ultimate controller	purchased		price					acceptance		-22, 2013-6-7	No.:2013-008,2013-009,2013-011,2013-021
35	Sichuan CCO Display Device Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner	Marketing price	55.60	55.60	0.01%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021	
36	Sichuan Changhong Devices Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner	Marketing price	0.51	0.51	0.00%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021	
37	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner	Marketing price	0.33	0.33	0.00%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021	
38	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner	Marketing price	2.03	2.03	0.00%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021	
39	Sichuan Changhong Property Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air-conditioner	Marketing price	0.80	0.80	0.00%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021	
40	Sichuan	Other enterprise	Commodity	Air-conditioner	Marketing	264.52	264.52	0.04%	Bank		2013-3	Juchao Website(www.cninfo.com.cn)	

	Changhong Xinrui Technology Co., Ltd	control under the same controlling shareholder and ultimate controller	purchased		price				acceptance		-22, 2013-6-7	No.:2013-008,2013-009,2013-011,2013-021
41	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Related party lease	Plant	Marketing price	23.33	23.33	11.82%	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
42	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Related party lease	Plant	Marketing price	85.13	85.13	43.12%	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
43	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Related party lease	Office building, dormitory	Marketing price	41.39	41.39	20.96%	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
44	Guangdong Changhong Digital Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Related party lease	Office building, dormitory	Marketing price	4.12	4.12	2.09%	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
45	Sichuan Changhong Minsheng Logistic Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Related party lease	Office building	Marketing price	2.11	2.11	1.07%	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
46	Sichuan	Other enterprise	Related	Office building	Marketing	1.72	1.72	0.87%	Spot	-	2013-3	Juchao Website(www.cninfo.com.cn)

	Service Exp. Appliance Service Chain Co., Ltd.	control under the same controlling shareholder and ultimate controller	party lease		price				exchange		-22, 2013-6-7	No.:2013-008,2013-009,2013-011,2013-021
47	Sichuan Changhong Electric Co., LTD	Controlling shareholder and ultimate controller	Related party accepting leases	Plant, storehouse and office lands operational rented, 、	Marketing price	322.91	322.91	6.96%	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
48	Sichuan Changhong Minsheng Logistic Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Related party accepting leases	Site operational rented	Marketing price	293.37	293.37	6.33%	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
49	Sichuan Changhong Electric Co., LTD	Controlling shareholder and ultimate controller	Operating fixed assets purchased	Filling tank, line architecture	Marketing price	984.88	984.88	20.89%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
50	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Fixed assets purchased	Web development, optimize system	Marketing price	141.41	141.41	3.00%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
51	Sichuan Service Exp. Appliance Service Chain Co.,	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of fixed assets	Disposal of assets plans to scrap	Marketing price	5.00	5.00	1.94%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021

	Ltd.											
52	Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of fixed assets	Old instrument and computers	Marketing price	6.86	6.86	2.66%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
53	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of fixed assets	Disposal of assets plans to scrap	Marketing price	4.00	4.00	1.55%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
54	Sichuan Changhong Electric Co., LTD	Controlling shareholder and ultimate controller	Accepting labor service	Service charge	Marketing price	638.06	638.06	2.32%	Spot exchange, Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
55	Sichuan Changhong Minsheng Logistic Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accepting labor service	Transportation, warehousing and loading and unloading	Marketing price	18929.44	18929.44	68.80%	Spot exchange, Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
56	Sichuan Service Exp. Appliance Service Chain Co., Ltd. (Note 1)	Other enterprise control under the same controlling shareholder and ultimate controller	Accepting labor service	After-sale service	Marketing price	3648.18	3648.18	13.26%	Spot exchange, Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website (www.cninfo.com.cn) No.:2013-003,2013-004,2013-007,2013-008,2013-009,2013-011,2013-021

57	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accepting labor service	Software service	Marketing price	50.00	50.00	0.18%	Bank acceptance	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
58	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same parent company and ultimate controller	Providing fuel and power	Water, electricity, gas	Marketing price	53.66	53.66	-	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
59	Guangdong Changhong Digital Technology Co., Ltd.	Other enterprise control under the same parent company and ultimate controller	Providing fuel and power	Water, electricity, gas	Marketing price	2.34	2.34	-	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
60	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same parent company and ultimate controller	Providing fuel and power	Water, electricity, gas	Marketing price	0.13	0.13	-	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
61	Sichuan Changhong Minsheng Logistic Co., Ltd.	Other enterprise control under the same parent company and ultimate controller	Providing fuel and power	Water, electricity, gas	Marketing price	1.76	1.76	-	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
62	Sichuan Changhong Jijia Fine	Other enterprise control under the same parent	Providing fuel and power	Water, electricity, gas	Marketing price	14.50	14.50	-	Spot exchange	-	2013-3-22, 2013-6	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021

	Co., Ltd.	company and ultimate controller									-7	
63	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same parent company and ultimate controller	Providing fuel and power	Water, electricity, gas	Marketing price	325.14	325.14	-	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
64	Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accepting fuel and power	Electricity, gas	Marketing price	43.47	43.47	-	Spot exchange	-	2013-3-22, 2013-6-7	Juchao Website(www.cninfo.com.cn) No.:2013-008,2013-009,2013-011,2013-021
Total						--		186347.45	-	--	--	--

Detail of sales return with major amount involved												
---	--	--	--	--	--	--	--	--	--	--	--	--

Report the actual implementation of the daily related transactions which were projected about their total amount by types during the reporting period(if applicable)	Being deliberated and approved by annual shareholders general meeting of 2012, the daily related transaction amount for year of 2013 was estimated as:											
	1. It is estimated that the related transaction amount resulted by purchasing goods (including door shell and plastic products etc.) from Sichuan Changhong and its subsidiary by the Company for year of 2013 was RMB 810 million at most (tax-excluded), actually RMB 381.0089 million occurred in reporting period (tax-excluded).											
	2. It is estimated that the related transaction amount resulted by purchasing goods (including compressor purchased etc.) from Huayi Compressor and its subsidiary by the Company for year of 2013 was RMB 750 million at most (tax-excluded), actually RMB 363.7962 million occurred in reporting period (tax-excluded).											
	3. It is estimated that the related transaction amount resulted by purchasing or selling equipment, software, maintenance and spare parts and molds etc. from Sichuan Changhong and its subsidiary by the Company for year of 2013 was RMB100 million at most (tax-excluded), actually RMB 11.4215 million occurred in reporting period (tax-excluded).											
	4. It is estimated that the related transaction amount resulted by purchasing goods from and providing fuel and power to Sichuan Changhong and its subsidiary by the Company for year of 2013 was RMB 1900 million at most (tax-excluded), actually RMB 866.4157 million occurred in reporting period (tax-excluded).											
	5. It is estimated that the related transaction amount resulted by purchasing compressed air, leasing facilities of automatic fire protection system etc. and accepting logistic service from Huayi Compressor and its subsidiary by the Company for year											

	of 2013 was RMB 2.5 million at most (tax-excluded), actually RMB 434,700 occurred in reporting period (tax-excluded).
	6. It is estimated that the related transaction amount resulted by leasing business from Sichuan Changhong and its subsidiary by the Company for year of 2013 was RMB 50 million at most (tax-excluded), actually RMB 7.7408 million occurred in reporting period (tax-excluded).
	7. It is estimated that the related transaction amount from domestic finished goods logistic business outsourcing to Sichuan Changhong Minsheng Logistic Co., Ltd. by the Company for year of 2013 was RMB 470 million at most (tax-excluded), actually RMB 189.2944 million occurred in reporting period (tax-excluded).
	8. It is estimated that the related transaction amount from after sales service of domestic goods outsourcing to Sichuan Service Exp. Appliance Service Chain Co., Ltd. by the Company for year of 2013 was RMB 180 million at most (tax-excluded), actually RMB 36.4818 million occurred in reporting period (tax-excluded).
	9. It is estimated that the related transaction amount resulted by accepting other service and labor service etc. or providing other service and labor service etc. to Sichuan Changhong and its subsidiary by the Company for year of 2012 was RMB 90 million at most (tax-excluded), actually RMB 6.8806 million occurred in reporting period (tax-excluded).
Reasons for major differences between trading price and market reference price(if applicable)	Not applicable

Note 1: Being deliberated and approved by 22nd meeting of 7th session of the Board and 1st extraordinary shareholders' general meeting of 2013, independent directors express approval opinion, related shareholders and directors are avoided the voting, after public bidding, the domestic after-sales service were agreed to entrusted to the third party, the professional appliance after-sales service enterprise--- Sichuan Service Exp. Appliance Service Chain Co., Ltd. ("Service Exp"). The entrusted business consist a related transaction due to the Service Exp. being the wholly-owned controlling subsidiary of Sichuan Changhong Electric Co., LTD, the controlling shareholder of the Company. Daily related transaction for year of 2013 has estimated such relations at the same time.

(II) Related transaction arising from assets acquisition and sold

No Related transaction arising from assets acquisition and sold in reporting period

(III) Material related transaction of jointly foreign investment

The Company has no material related transaction of jointly foreign investment occurred in reporting period

(IV) Connect of related liability and debt

Whether has non-operational contact of related liability and debts or not

Yes No

Related party	Relationship	Debtor-creditor type	Causes	Whether has non-business capital occupying or not	Balance at period-begin (10 thousand yuan)	Amount in the Period (10 thousand yuan)	Balance at period-end (10 thousand yuan)
Sichuan Changhong Electric Co., LTD	Controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	52.99	-50.46	2.53
Sichuan Changhong Electronics Group Co., Ltd.	Controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	0.00	312.93	312.93
Sichuan Hongou Display Device Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	13.16	0.00	13.16
Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	23.33	252.03	275.36
Sichuan Changhong Precision Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	42.73	-0.05	42.68
Sichuan Changhong Minsheng Logistic Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	7.26	19.43	26.69
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	64.72	-23.67	41.05

	controller						
Chongqing Hong Life Commerce-Trading Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	0.03	3.78	3.81
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	22.41	352.80	375.21
Sichuan CCO Display Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	0.75	0.00	0.75
PT.CHANGHONGELECTRICINDONESIA	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	5157.18	-1524.85	3632.33
Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	5.03	-5.03	0.00
Changhong Electric (Australia) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	562.71	35.42	598.13
Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	155.69	-76.04	79.65
Mianyang Lejiayi Chain Trading Co., Ltd.	Other enterprise control	Claim receivable from	Operational contact of related credit	No	3.19	2.86	6.05

	under the same controlling shareholder and ultimate controller	related party	and debt				
Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	0.00	0.00	0.00
Hong Kong (Changhong) Trading Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	13.33	0.68	14.01
Guangdong Changhong Digital Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	0.00	84.00	84.00
Sichuan Changhong Devices Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	0.00	0.60	0.60
CHANGHONGELECTRICMIDDLEEASTFZE	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	0.00	768.55	768.55
Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	0.00	0.24	0.24
Sichuan Liyuan Electronic Co., Ltd. of 081 Electronic Group	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	0.00	208.60	208.60

	controller						
Sichuan Changhong Power Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	0.00	4.10	4.10
Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	0.00	2.38	2.38
Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	0.00	37.00	37.00
Sichuan Changhong Devices Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	0.00	2.14	2.14
Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	1.11	-0.87	0.24
Sichuan Changhong Xinrui Technology Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	15.91	218.31	234.22
Anhui Xinhao PDPs Co., Ltd.	Affiliated enterprise of controlling shareholder and actual controller	Claim receivable from related party	Operational contact of related credit and debt	No	0.00	327.65	327.65
Sichuan Changhong Electric Co., LTD	Controlling shareholder and	Debts payable to	Operational contact of related credit	No	2906.16	-548.63	2357.53

	ultimate controller	related party	and debt				
Sichuan Changhong Electronics Group Co., Ltd.	Controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	6.06	0.00	6.06
Sichuan Liyuan Electronic Co., Ltd. of 081 Electronic Group	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	64.68	58.45	123.13
Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	4199.52	4248.32	8447.84
Sichuan Changhong Precision Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	81.81	127.42	209.23
Sichuan Changhong Minsheng Logistic Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	3492.93	807.05	4299.98
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	6180.28	3107.36	9287.64
Sichuan Changhong Devices Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	0.30	-0.30	0.00
Sichuan Changhong Power Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	3.92	0.32	4.24

	controller						
Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	18.44	19.33	37.77
Mianyang Hongrun Electronic Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	88.10	172.87	260.97
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	6.20	2273.50	2279.70
Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	0.21	0.93	1.14
Sichuan Changhong Electronic Devices Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	763.87	1004.95	1768.82
Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	0.00	2.28	2.28
Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	0.00	25.50	25.50
Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control	Debts payable to	Operational contact of related credit	No	809.50	-719.61	89.89

	under the same controlling shareholder and ultimate controller	related party	and debt				
Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	1.05	0.00	1.05
Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	9027.81	7230.82	16258.63
Sichuan Changhong Devices Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	1.71	-1.71	0.00
Sichuan Changxin Refrigeration Parts Co., Ltd.	Affiliated enterprise of Controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	1311.83	597.50	1909.34
Sichuan Huafeng Corp. Group	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	0.00	1246.69	1246.69
Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	15.84	-10.53	5.31
Sichuan Hongyu Metal Manufacture Co., Ltd.	Affiliated enterprise of Controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	7.15	8.29	15.44
Sichuan Changhong Xinrui Technology Co.,	Other enterprise control	Debts payable to	Operational contact of related credit	No	0.00	228.84	228.84

Ltd	under the same controlling shareholder and ultimate controller	related party	and debt				
Sichuan Changhong Dongyuan Precision Equipment Co., Ltd.	Affiliated enterprise of Controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	1.29	34.76	36.05
Sichuan Changhong Electric Co., LTD	Controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	35.43	2122.59	2158.02
Guangdong Changhong Digital Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	36.00	-36.00	0.00
Mianyang Lejiayi Chain Management Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	1306.06	-1283.50	22.56
Sichuan Changhong Electronic System Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	0.00	0.00	0.00
Sichuan Changhong Devices Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	0.00	0.00	0.00
Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	0.41	0.00	0.41
Chongqing Hong Life Commerce-Trading Co., Ltd.	Other enterprise control under the same controlling	Debts payable to related party	Operational contact of related credit and debt	No	0.88	7.85	8.73

	shareholder and ultimate controller						
Chengdu Lejiayi Trading Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	0.05	-0.02	0.03
Sichuan Liyuan Electronic Co., Ltd. of 081 Electronic Group	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	89.40	-89.40	0.00
Wandone Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	0.00	0.20	0.20
Sichuan CCO Display Device Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	0.00	1.37	1.37
Sichuan Changhong Dongyuan Precision Equipment Co., Ltd.	Affiliated enterprise of Controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	0.00	0.11	0.11
Sichuan Changhong Electric Co., LTD	Controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	575.65	928.26	1503.91
Sichuan Changhong Electronics Group Co., Ltd.	Controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	0.00	0.87	0.87
Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	1.00	0.00	1.00
Sichuan Changhong Mold Plastic Tech. Co.,	Other enterprise control	Debts payable to	Operational contact of related credit	No	32.00	0.20	32.20

Ltd.	under the same controlling shareholder and ultimate controller	related party	and debt				
Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	720.00	-698.90	21.10
Sichuan Changhong Minsheng Logistic Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	1221.26	2021.02	3242.28
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	758.69	46.78	805.47
Jingdezhen Honghua Home Appliance Parts Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	5.00	0.00	5.00
Sichuan Changhong Dongyuan Precision Equipment Co., Ltd.	Affiliated enterprise of Controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	22.79	0.00	22.79
Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Debts payable to related party	Operational contact of related credit and debt	No	0.31	-0.22	0.09
Sichuan Changhong Electric Co., LTD	Controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	12.87	36.15	49.02
Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling	Claim receivable from related party	Operational contact of related credit and debt	No	250.00	-250.00	0.00

	shareholder and ultimate controller						
Sichuan Changhong Minsheng Logistic Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	2.97	-2.97	0.00
Sichuan Changhong Electronics Group Co., Ltd.	Controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	3.95	-3.95	0.00
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	1.00	32.36	33.36
Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Claim receivable from related party	Operational contact of related credit and debt	No	0.00	11.66	11.66

For the above-mentioned statement, up to the Period-end, debts payable to related party from the Company and subordinate are amounting as RMB 567.2917 million in total, the claim receivable from related party for the Company and subordinate amounting as RMB 71.8808 million.

(V) Other related transaction

Yes No

VIII. Significant contract and implementations**(I) Entrust, contract and leasing**

1. Entrust

(1) Explanation on entrust

Applicable Not applicable

(2) Gains/losses to the Company from projects that reached over 10% in total profit of the Company in reporting period

Applicable Not applicable

2. Contract

(1) Explanation on contract

Applicable Not applicable

(2) Gains/losses to the Company from projects that reached over 10% in total profit of the Company in reporting period

Applicable Not applicable

3. Leasing

(1) Explanation on leasing

Applicable Not applicable

Operational leasing of the Company please found more details in “investment real estate”, “fixed assets”, “Lease of related party” and “Rent of related party” in Note of Financial Statement.

(2) Gains/losses to the Company from projects that reached over 10% in total profit of the Company in reporting period

Applicable Not applicable

(II) Guarantee

In reporting period, the Company has no guarantee for any legal person or nature person except wholly-owned subsidiary, guarantee for wholly-owned subsidiary all exercise for loans supporting operation needs with assurance guarantee offered; meanwhile, subordinate wholly-owned subsidiary all provided counter guarantee for the relevant guarantee offered by the Company. As of 30 June 2013, the Company offered credit granting to wholly-owned subsidiary.

Except for Zhongshan Changhong, other subsidiary has no guarantee occurred actually. External guarantee and guarantee for subsidiary are as:

In ten thousand yuan

Particulars about the external guarantee of the Company (Barring the guarantee for subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party (Yes or no)
N/A	-	-	-	-	-	-	-	-
Total approving external guarantee in report period (A1)		-		Total actual occurred external guarantee in report period (A2)		-		
Total approved external guarantee at the end of report period (A3)		-		Total actual balance of external guarantee at the end of report period (A4)		-		
Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Guarantee amount	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party (Yes or no)
Sichuan Changhong Air-conditioner Co., Ltd.	2013-3-22, 2013-6-7; No.: 2013-012, No.: 2013-021	35,000.00	-	0.00	Joint liability guaranty	-	-	-
Zhongshan Changhong Electric Co., LTD	2013-3-22, 2013-6-7; No.: 2013-012, No.: 2013-021	5,000.00	2012-4-23	5,000.00	Joint liability guaranty	1-year	No	No
Hefei Meiling Nonferrous Metals Products Co., Ltd.	2013-3-22, 2013-6-7; No.: 2013-012, No.: 2013-021	4,000.00	-	0.00	Joint liability guaranty	-	-	-
Hefei Meiling Package Products Co., Ltd.	2013-3-22, 2013-6-7; No.: 2013-012, No.: 2013-021	2,500.00	-	0.00	Joint liability guaranty	-	-	-
Total amount of approving guarantee for subsidiaries in report period (B1)		46,500.00		Total amount of actual occurred guarantee for subsidiaries in report		5,000.00		

		period (B2)	
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)	46,500.00	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)	5,000.00
Total amount of guarantee of the Company(total of two abovementioned guarantee)			
Total amount of approving guarantee in report period (A1+B1)	46,500.00	Total amount of actual occurred guarantee in report period (A2+B2)	5,000.00
Total amount of approved guarantee at the end of report period (A3+B3)	46,500.00	Total balance of actual guarantee at the end of report period (A4+B4)	5,000.00
The proportion of the total amount of actually guarantee in the net assets of the Company(that is A4+ B4)		1.62%	
Including:			
Amount of guarantee for shareholders, actual controller and its related parties(C)		0	
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(D)		5,000.00	
Proportion of total amount of guarantee in net assets of the Company exceed 50%(E)		0	
Total amount of the aforesaid three guarantees(C+D+E)		0	
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees		-	
Explanations on external guarantee against regulated procedures		-	

The above guarantees are all wholly-owned subsidiaries of the Company (including direct and indirect shareholding proportion amounted to 100%). Production and operation of these companies was normal with no overdue unpaid loans and guarantee risk is controllable. During the reporting period, the highest level of security the Company provided amounted to 465,000,000 Yuan; the actual amount of guarantee is 50,000,000 Yuan, accounting for the Company's latest net assets ratio of 1.62%, at the end of the reporting period, the practical guarantee amounted to 50,000,000 Yuan.

Explanation on guarantee with composite way

Applicable Not applicable

(III) Other significant contract

Applicable Not applicable

(IV) Other significant transaction

Applicable Not applicable

IX. Commitments from the Company or shareholder with over 5% share held in reporting period or occurred in prior period but continues to reporting period

Commitment	Acceptor	Content		Date	Term	Implementation
Commitments made in acquisition report or equity change report	Sichuan Changhong	Promised in the Acquisition Report of Hefei Meiling Co., Ltd: after completion of equity acquisition of Meiling Electrical Appliances, the acquirer committed and promised as follows in order to prevent horizontal competition:	1. The acquirer shall not engage in refrigerator business or activity which competes or will compete with business of Meiling Electrical Appliances, or that which has interest conflict with Meiling Electrical Appliances.	2007-6-12	Valid for long term	Strictly implemented
			2. The acquirer promises to apply shareholders' right on a legal and reasonable manner and shall not take any action to limit or affect the normal operation of Meiling Electrical Appliances.		Valid for long term	Strictly implemented
			3. For any opportunity to engage in competing business, the acquirer will advise Meiling Electrical Appliances in written for engaging such business or not. If Meiling Electrical Appliances gives no clear written reply as to whether engaging the competing business or not within 20 days after receipt of the aforesaid letter, it shall be deemed that it will not engage in such business. The acquirer will only engage in non-competing business provided that Meiling Electrical Appliances confirms not to or is deemed to not engage in such non-competing business.		Valid for long term	Strictly implemented
Commitment made during the non-public offer	Sichuan Changhong	Commitment regarding to reducing and preventing competition with Meiling Electrical Appliances	1. It will not engage in such business or activity that competes with or has interest conflict with that of Meiling Electrical Appliances except for the action taken for sake of Meiling Electrical Appliances as required by Meiling Electrical Appliances.	2010-6-24	Valid for long term	Strictly implemented
			2. The Company promises to apply shareholders' right on a legal and reasonable manner and shall not take any action to limit or affect the normal operation of Meiling Electrical Appliances.			

			3. In case that Meiling Electrical Appliances expects, on the basis of its existing business, to expand its operation scope into the business which the Company has already operated, the Company agrees to grant pre-emptive right to Meiling Electrical Appliances regarding such business if the same conditions are met, provided that the Company is still the controlling shareholder or actual controller of Meiling Electrical Appliances.			
	Commitment regarding to reducing and standardizing related transaction with Meiling Electrical Appliances		1. Measures will be adopted to prevent continued related transaction with Meiling Electrical Appliances: as to the related transaction that can not be prevented, it will sign related transaction agreement with Meiling Electrical Appliances under the market principles of “equally paid and mutual benefit”, and fairly determined the transaction price according to the market prevailing standards.	2010-6-24	Valid for long term	Strictly implemented
			2. Perform the necessary obligations to make related directors and related shareholder abstain from voting according to relevant regulation, and observe legal procedure for approving related transaction and information disclosure obligations.			
			3. Promise not to hurt legal interests of Meiling Electrical Appliances and other shareholders through related transaction.			
		Commitment on restriction period of the shares subscribed by Meiling Electrical Appliances by non-public offering: the shares allocated are locked for 36 months automatically from the registration date under relevant regulations.		2010-12-23	10 January 2011 to 10 January 2014	Implementing

		Commit to transfer the land and buildings to Changhong Air Conditioning upon determination of assets property; urge its subsidiary Sichuan Changhong Minsheng Logistics Co., Ltd. transfer the land and buildings held by the company to Mianyang Meiling upon determination of assets property	2010-9-7	Before completion of implementation	
		Commit to authorized Changhong Air Conditioning and Zhongshan Air Conditioning to use “Changhong” trademark and relevant patents for free.	2010-11-6	Valid for long term	Strictly implemented
	Changhong Minsheng Logistics Co., Ltd.	Changhong Minsheng Logistics Co., Ltd. commits to transfer the land and buildings to Mianyang Meiling upon determination of the relevant building title certificate.	2010-9-7	Before completion of implementation	Implementing
	The Company	<p>1. Commit to disclose periodic reports on a truthful, accurate, complete, fair and prompt manner, to disclose all the information that have important influences over investors, to accept supervision under the CSRC and Shenzhen Stock Exchange.</p> <p>2. Commit to make public clarification in respect of such information that is released from any public media and may result in misleading influences on stock price once the Company is aware of such information.</p> <p>3. The directors, supervisors, senior management and core technicians of the Company will accept opinions and criticism from the social publics, and they will not trade the Company’s securities, directly or indirectly, with any inside information and other illegal methods. The Company promises that the documents submitted to Shenzhen Stock Exchange exist no false statement or material omission, and no relevant information will be disclosed during the application for listing without prior content from Shenzhen Stock Exchange.</p>	2011-1-7	Valid for long term	Strictly implemented

Commitment in respect of applying certain idle proceeds in supplement current capital for temporary purpose	The Company	1. The current capital supplemented with certain idle proceeds is only authorized to use for production operation purposes.	2012-12-11	11 December 2012 to 11 December 2013	On 7 June 2013, the idle raised fund has return to the specific account. The commitment 1-3 has completed and commitment 4 still in implementation
		2. The idle proceeds supplementing current capital will be returned to proceeds account upon maturity.			
		3. If acceleration of project construction results in early application of proceeds, the Company shall return the capital to proceeds account ahead of time, thus not to affect the normal progress of the investment project that the proceeds are related to, and not to change the application purpose of proceeds raised.			
		4. the Company commits that during the 12 months after application of the idle proceeds supplementing current capital, it will not make securities investment or risk investment amounting over RMB10 million; not apply such proceeds, directly or indirectly, in placing or subscription of new share, or trading stocks, the underlying derivatives and convertible bonds; not to change application purpose of proceeds and hurt shareholders' interests.			
Commitment made in transfer of air conditioning assets property	Sichuan Changhong	1. Since the property transfer didn't involve the buildings and land currently used by Changhong Air Conditioning, Sichuan Changhong commits, upon the completion of equity transfer, to continue to lease such assets to Changhong Air Conditioning at market price, and negotiate with Meiling Electrical Appliances in respect of the transfer of the buildings and land according to the operation needs of Changhong Air Conditioning.	2009-12-10	Before completion of implementation	Implementing
		2. After completion of this property transfer, Sichuan Changhong commits to manage to prevent new related transaction with Meiling Electrical Appliances. For those which can not be prevented, Sichuan Changhong commits to determine the transaction price based on market accepted methods, so as to ensure fairness of related transaction and protection of the interest of Meiling Electrical Appliances.		Valid for long term	Strictly implemented
		3. Sichuan Changhong commits that it will not engage in air conditioning and refrigerator business or activity which competes or will compete with business of Meiling Electrical Appliances, or that which has interest conflict with Meiling		Valid for long term	Strictly implemented

	Electrical Appliances.			
Perform the commitment promptly or not	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Non-applicable			
Specific reason for non-performance and the next plan	-			
Make commitment in respect of the competition and related transaction or not	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Solution period for commitment	-			
Solution method	-			
Performance of commitment	-			

X. Appointment and non-reappointment (dismissal) of CPA

Whether the semi-annual financial report had been audited

Yes No

XI. Penalty and rectification

Applicable Not applicable

Statement of rectification

Applicable Not applicable

XII. Other significant issues

(I) Release of restriction of restricted shares

On 5 February 2013, the 6th batch of circulating shares with restricted condition after the implementation of equity division reform were released from restriction and listed for trading. 4 shareholders were released in total with 1,138,205 shares released, representing 0.1490% of the total share capital of the Company. For details, please refer to the relevant announcement (No. 2013-006) disclosed at Securities Times, China Securities Journal, Hong Kong Commercial Daily and www.cninfo.com.cn on 1 February 2013.

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

	Before the Change		Increase/Decrease in the Change (+, -)				After the Change		
	Amount	Proportion (%)	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion (%)
I. Restricted shares	66,468,273	8.70%				-1,138,205	-1,138,205	65,330,068	8.55%
1. State-owned shares									
2. State-owned legal person's shares	57,030,632	7.46%				-721,396	-721,396	56,309,236	7.37%
3. Other domestic shares	9,437,641	1.24%				-416,809	-416,809	9,020,832	1.18%
Including: Domestic non-state-owned legal person's shares	9,209,254	1.21%				-312,607	-312,607	8,896,647	1.16%
Domestic natural person's shares	228,387	0.03%				-104,202	-104,202	124,185	0.02%
4. Foreign shares									
Including: Foreign legal person's shares									
Foreign natural person's shares									
5. Senior executives' shares									
II. Unrestricted shares	697,270,932	91.30%				+1,138,205	+1,138,205	698,409,137	91.45%
1. RMB Ordinary shares	534,406,932	69.98%				+1,138,205	+1,138,205	535,545,137	70.13%
2. Domestically listed foreign shares	162,864,000	21.32%				0	0	162,864,000	21.32%
3. Overseas listed foreign shares									
4. Others									
III. Total shares	763,739,205	100.00%				-	-	763,739,205	100.00%

(I) Reasons for share changed

Applicable Not applicable

The 6th restricted circulating shares after implementation of share-split reform was un-lock for trading dated 5 February 2013. Totally 4 shareholders are have shares released, un-lock shares amounting as 1,138,205 shares, a 0.1490% in total share capital of the Company.

(II) Approval of share changed

Applicable Not applicable

(III) Ownership transfer of restricted share changed

Applicable Not applicable

In the reporting, for the restricted shares of the Company, 245,916 shares held by former Hefei

East Refrigerator Accessories Factory were transfer ownership to Hefei East Refrigerator Accessories Co., Ltd.; 122,958 shares held by former Feidong Vacuum Coating Factory were transfer ownership to Hefei Wanda Vacuum Coating Factory.

(IV) Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

Applicable Not applicable

(V) Other information necessary to disclose for the Company or need to disclosed under requirement from security regulators

Applicable Not applicable

(VI) Explanation on changes of total shares, shareholders structure and assets & liability structures

Applicable Not applicable

II. Amount of shareholders of the Company and particulars about shares holding

Unit: share

Total shareholders in reporting period		63,408						
Particular about top ten shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held (%)	Total shareholders at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Sichuan Changhong Electric Co., LTD	State-owned legal person	21.58%	164,828,330	-	56,031,120	108,797,210	-	-
Hefei Xingtai Holding Group Co., Ltd.	State-owned legal person	6.26%	47,823,401	-	-	47,823,401	-	-
Zhengde life insurance Co., LTD-universal insurance products	Domestic non state-owned corporate	3.77%	28,800,000	-	-	28,800,000	-	-
Changhong (Hong Kong) Trading Company Limited	foreign legal person	3.30%	25,165,823	-	-	25,165,823	-	-
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	foreign legal person	2.16%	16,484,083	28,800	-	16,484,083	-	-
Ningbo Wei Chuang Joint Investment Co., Ltd.	Domestic non state-owned corporate	1.70%	12,960,000	-	-	12,960,000	-	-
CAO SHENGCHUN	Foreign natural person	1.68%	12,827,100	7,000	-	12,827,100	-	-

Jiujia Securities Investment Funds	Domestic non state-owned corporate	0.67%	5,152,147	5,152,147	-	5,152,147	-	-
ICBC-Fullgoal Hu-Shen 300 Boost Securities Investment Funds	Domestic non state-owned corporate	0.64%	4,910,100	4,910,100	-	4,910,100	-	-
Bank of China – Guotai Jinpeng Blue-chip Value Mix Securities Investment Funds	Domestic non state-owned corporate	0.45%	3,400,601	3,400,601	-	3,400,601	-	-
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable)	Not applicable							
Explanation on associated relationship among the aforesaid shareholders	Among the above shareholders, Changhong (Hong Kong) Trade Co., Ltd. is the wholly-owned subsidiary of Sichuan Changhong Electronic Co., Ltd.; there existed no associated relationship or belong to the concerted actors as specified in the Measures for the Administration of Information Disclosure of Shareholder Equity Changes of Listed Companies among Sichuan Changhong Electronic Co., Ltd., Changhong (Hong Kong) Trade Co., Ltd. and other top 8 shareholders; and top ten shareholders with unrestricted subscription; as the Company has not known whether there exists any business relationship among the other shareholders with unrestricted subscription or they belong to the concerted actors as specified in the Measures for the Administration of Information Disclosure of Shareholder Equity Changes of Listed Companies.							
Particular about top ten shareholders with un-restrict shares held								
Shareholders' name	Amount of unrestricted shares held at reporting period-end	Type of shares						
		Type	Amount					
Sichuan Changhong Electric Co., LTD	108,797,210	RMB shares	ordinary	108,797,210				
Hefei Xingtai Holding Group Co., Ltd.	47,823,401	RMB shares	ordinary	47,823,401				
Zhengde life insurance Co., LTD-universal insurance products	28,800,000	RMB shares	ordinary	28,800,000				
Changhong (Hong Kong) Trading Company Limited	25,165,823	Domestically listed shares	foreign	25,165,823				
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	16,484,083	Domestically listed shares	foreign	16,484,083				
Ningbo Wei Chuang Joint Investment Co., Ltd.	12,960,000	RMB shares	ordinary	12,960,000				
CAO SHENGCHUN	12,827,100	Domestically listed shares	foreign	12,827,100				
Jiujia Securities Investment Funds	5,152,147	RMB shares	ordinary	5,152,147				

ICBC-Fullgoal Hu-Shen 300 Boost Securities Investment Funds	4,910,100	RMB shares	ordinary	4,910,100
Bank of China – Guotai Jinpeng Blue-chip Value Mix Securities Investment Funds	3,400,601	RMB shares	ordinary	3,400,601
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Among the above shareholders, Changhong (Hong Kong) Trade Co., Ltd. is the wholly-owned subsidiary of Sichuan Changhong Electronic Co., Ltd.; there existed no associated relationship or belong to the concerted actors as specified in the Measures for the Administration of Information Disclosure of Shareholder Equity Changes of Listed Companies among Sichuan Changhong Electronic Co., Ltd., Changhong (Hong Kong) and other top 8 shareholders; and top ten shareholders with unrestricted subscription; as the Company has not known whether there exists any business relationship among the other shareholders with unrestricted subscription or they belong to the concerted actors as specified in the Measures for the Administration of Information Disclosure of Shareholder Equity Changes of Listed Companies.			
Explanation on shareholders involving margin business (if applicable)	Not applicable			

Whether has a buy-back agreement dealing in reporting period

Yes No

III. Shareholder and actual controller

(I) Changes of controlling shareholder in reporting period

Applicable Not applicable

(II) Changes of actual controller in reporting period

Applicable Not applicable

Section VII Particular about Directors, Supervisors, Senior Executives and Employees

I. Changes of shares held by directors, supervisors and senior executive

Applicable Not applicable

Shares held by directors, supervisors and senior executive of the Company had no changes, more details can be seen in Annual Report 2012.

II. New appointment and employment of directors, supervisors and senior executive

1. Being deliberated and approved on 22nd meeting of 7th session of the Board dated 28 January 2013, Mr. Liao Tao consented to engage as deputy president of the Company and Mr. Li Daijiang served as no deputy president for the Company. Mr. Liaotao has no shares of the Company held in reporting period.

2. Being deliberated and approved on 24th meeting of 7th session of the Board dated 18 April 2013, Mr. Zhang Xiaolong consented to engage as deputy CFO (person in charge of finance) of the Company and Mr. Yu Wanchun served as no deputy vice president for the Company. Mr. Zhang Xiaolong has no shares of the Company held in reporting period.

3. Being deliberated and approved on 2012 Annual Shareholders' General Meeting dated 6 June 2013, Ms. Hu Jia was elected to engage as the supervisor of 7th Board of Supervisors of the Company and Mr. Ye Honglin served as no deputy supervisor for the Company. Ms. Hu Jia has no shares of the Company held in reporting period.

III. Post-leaving and dismissals for directors, supervisors and senior executives

Name	Title	Type	Date	Reasons
Li Daijiang	Vice President	Office leaving	2013-1-28	Served no vice president of the Company due to occupation mobility; will serves as vice GM of Sichuan Changhong Air-conditioner Co., Ltd.—subordinate subsidiary of the Company
Yu Wanchun	Vice President	Office leaving	2013-4-18	Served no vice president of the Company due to occupation mobility

Section VIII. Financial Report

I. Audit reports

Whether the semi-annual report was audited or not

Yes No

II. Financial statements

Units in Notes of Financial Statements is RMB

1. Consolidated Balance Sheet

Prepared by Hefei Meiling Co., Ltd.

2013-6-30

Unit: RMB

Items	Note	Balance at period-end	Balance at period-begin
Current assets:			
Monetary funds		1,956,450,071.91	1,701,307,578.13
Settlement provisions			
Capital lent			
Transaction finance asset			
Notes receivable		2,490,026,671.99	1,738,725,417.01
Accounts receivable		1,150,796,995.41	753,762,080.84
Accounts paid in advance		160,540,856.24	49,414,835.51
Insurance receivable			
Reinsurance receivables			
Contract reserve of reinsurance receivable			
Interest receivable			
Dividend receivable			
Other receivables		250,578,232.84	31,288,336.44
Purchase restituted finance asset			
Inventories		1,431,358,136.58	1,503,307,251.66
Non-current asset due within one year			
Other current assets			
Total current assets		7,439,750,964.97	5,777,805,499.59
Non-current assets:			
Granted loans and advances			

Finance asset available for sales			
Held-to-maturity investment			
Long-term account receivable			
Long-term equity investment		32,720,591.78	35,150,428.02
Investment real estate		16,133,559.89	16,509,959.84
Fixed assets		1,214,079,717.44	1,243,889,950.81
Construction in progress		69,523,509.18	70,705,114.33
Engineering material			
Disposal of fixed asset			
Productive biological asset			
Oil and gas asset			
Intangible assets		623,878,667.60	628,269,816.49
Expense on Research and Development		31,008,648.43	31,746,326.41
Goodwill		5,529,842.09	5,529,842.09
Long-term expenses to be apportioned			
Deferred income tax asset		75,890,810.09	76,533,494.89
Other non-current asset			
Total non-current asset		2,068,765,346.50	2,108,334,932.88
Total assets		9,508,516,311.47	7,886,140,432.47
Current liabilities:			
Short-term loans		459,268,050.00	45,456,805.14
Loan from central bank			
Absorbing deposit and interbank deposit			
Capital borrowed			
Transaction financial liabilities			
Notes payable		1,358,793,426.78	1,268,157,043.71
Accounts payable		2,339,285,831.36	1,462,293,958.34
Accounts received in advance		387,915,609.50	459,974,402.43
Selling financial asset of repurchase			
Commission charge and commission payable			
Wage payable		76,205,784.37	137,325,501.89
Taxes payable		107,496,473.27	111,106,673.16
Interest payable			
Dividend payable		1,520,261.27	1,551,602.30
Other accounts payable		1,073,340,052.52	826,111,040.95

Reinsurance payables			
Insurance contract reserve			
Security trading of agency			
Security sales of agency			
Non-current liabilities due within 1 year		8,709,083.76	7,777,304.72
Other current liabilities			
Total current liabilities		5,812,534,572.83	4,319,754,332.64
Non-current liabilities:			
Long-term loans		130,474,600.00	131,114,600.00
Bonds payable			
Long-term account payable			
Special accounts payable			
Projected liabilities		359,488,003.05	361,156,281.38
Deferred income tax liabilities			
Other non-current liabilities		96,487,904.03	92,645,296.80
Total non-current liabilities		586,450,507.08	584,916,178.18
Total liabilities		6,398,985,079.91	4,904,670,510.82
Owner's equity (or shareholders' equity):			
Paid-up capital (or share capital)		763,739,205.00	763,739,205.00
Capital public reserve		1,482,347,448.73	1,482,582,391.41
Less: Inventory shares			
Reasonable reserve			
Surplus public reserve		325,000,757.16	325,000,757.16
Provision of general risk			
Retained profit		521,435,836.67	385,744,261.05
Balance difference of foreign currency translation		-1,454,078.19	-1,278,962.31
Total owner's equity attributable to parent company		3,091,069,169.37	2,955,787,652.31
Minority interests		18,462,062.19	25,682,269.34
Total owner's equity(or shareholders' equity)		3,109,531,231.56	2,981,469,921.65
Total liabilities and owner's equity(or shareholders' equity)		9,508,516,311.47	7,886,140,432.47

Legal representative: Liu Tibin

Person in charge of accounting works: Zhang Xiaolong

Person in charge of accounting institution: Tang Bin

2. Balance Sheet of parent company

Prepared by Hefei Meiling Co., Ltd.

2013-6-30

Unit: RMB

Item	Note	Balance at period-end	Balance at period-begin
Current assets:			
Monetary funds		1, 710, 526, 818. 81	1, 235, 992, 818. 90
Transaction finance asset			
Notes receivable		1, 908, 605, 563. 46	1, 498, 979, 952. 77
Accounts receivable		982, 508, 527. 69	958, 731, 705. 08
Accounts paid in advance		236, 298, 923. 04	295, 676, 384. 52
Interest receivable			
Dividend receivable			
Other receivables		277, 749, 246. 18	51, 135, 324. 78
Inventories		542, 812, 734. 25	555, 767, 921. 46
Non-current asset due within one year			
Other current assets			
Total current assets		5, 658, 501, 813. 43	4, 596, 284, 107. 51
Non-current assets:			
Finance asset available for sales			
Held-to-maturity investment			
Long-term account receivable			
Long-term equity investment		841, 708, 306. 75	842, 013, 498. 21
Investment real estate		12, 990, 625. 65	13, 227, 570. 00
Fixed assets		870, 871, 249. 73	895, 143, 842. 40
Construction in progress		70, 993, 103. 38	78, 373, 941. 23
Engineering material			
Disposal of fixed asset			
Productive biological asset			
Oil and gas asset			
Intangible assets		475, 131, 263. 97	480, 873, 122. 36
Expense on Research and Development			
Goodwill			
Long-term expenses to be apportioned			
Deferred income tax asset		67, 509, 743. 67	69, 870, 668. 72
Other non-current asset		-	-
Total non-current asset		2, 339, 204, 293. 15	2, 379, 502, 642. 92
Total assets		7, 997, 706, 106. 58	6, 975, 786, 750. 43

Current liabilities:			
Short-term loans		450,000,000.00	13,073,840.00
Transaction financial liabilities			
Notes payable		982,923,012.58	1,055,969,152.25
Accounts payable		1,717,488,638.68	1,313,834,344.18
Accounts received in advance		236,079,462.50	199,639,453.81
Wage payable		57,169,256.38	101,332,386.23
Taxes payable		43,260,122.17	45,611,775.99
Interest payable			
Dividend payable		1,303,652.76	1,303,652.76
Other accounts payable		710,596,943.21	544,916,287.47
Non-current liabilities due within 1 year		6,725,733.12	5,793,954.08
Other current liabilities		-	-
Total current liabilities		4,205,546,821.40	3,281,474,846.77
Non-current liabilities:			
Long-term loans		130,474,600.00	131,114,600.00
Bonds payable			
Long-term account payable			
Special accounts payable			
Projected liabilities		359,488,003.05	361,156,281.38
Deferred income tax liabilities			
Other non-current liabilities		79,503,578.22	77,879,788.72
Total non-current liabilities		569,466,181.27	570,150,670.10
Total liabilities		4,775,013,002.67	3,851,625,516.87
Owner's equity (or shareholders' equity):			
Paid-up capital (or share capital)		763,739,205.00	763,739,205.00
Capital public reserve		1,497,898,194.51	1,497,898,194.51
Less: Inventory shares			
Reasonable reserve			
Surplus public reserve		324,782,591.48	324,782,591.48
General risk reserve			
Retained profit		636,273,112.92	537,741,242.57
Balance difference of foreign currency translation			
Total owner's equity(or shareholders' equity)		3,222,693,103.91	3,124,161,233.56
Total liabilities and owner's equity(or shareholders' equity)		7,997,706,106.58	6,975,786,750.43

Legal representative: Liu Tibin

Person in charge of accounting works: Zhang Xiaolong

Person in charge of accounting institution: Tang Bin

3. Consolidated Profit Statement

Prepared by Hefei Meiling Co., Ltd.

January- June 2013

Unit: RMB

Item	Note	Amount in this period	Amount in last period
I. Total operating income		5,951,444,575.32	5,312,610,523.12
Including: Operating income		5,951,444,575.32	5,312,610,523.12
Interest income			
Insurance gained			
Commission charge and commission income			
II. Total operating cost		5,789,829,787.90	5,186,451,911.60
Including: Operating cost		4,526,354,103.23	4,043,977,198.26
Interest expense			
Commission charge and commission expense			
Cash surrender value			
Net amount of expense of compensation			
Net amount of withdrawal of insurance contract reserve			
Bonus expense of guarantee slip			
Reinsurance expense			
Operating tax and extras		58,543,334.84	43,172,959.76
Sales expenses		1,049,206,682.51	937,857,498.97
Administration expenses		169,954,161.54	158,911,541.76
Financial expenses		-36,240,925.89	-34,586,978.46
Losses of devaluation of asset		22,012,431.67	37,119,691.31
Add: Changing income of fair value (Loss is listed with "-")			
Investment income (Loss is listed with "-")		751,289.68	260,963.91
Including: Investment income on affiliated company and joint venture		-593,240.24	-812,793.39
Exchange income (Loss is listed with "-")			
III. Operating profit (Loss is listed with "-")		162,366,077.10	126,419,575.43
Add: Non-operating income		9,017,138.67	4,579,649.44
Less: Non-operating expense		3,463,798.30	5,625,818.80

Including: Disposal loss of non-current asset		3,304,049.48	5,333,936.81
IV. Total Profit (Loss is listed with "-")		167,919,417.47	125,373,406.07
Less: Income tax expense		36,091,305.08	13,865,961.02
V. Net profit (Net loss is listed with "-")		131,828,112.39	111,507,445.05
Including: net profit realized before consolidation by merged party			
Net profit attributable to owner's of parent company		135,691,575.62	110,855,042.20
Minority shareholders' gains and losses		-3,863,463.23	652,402.85
VI. Earnings per share			
i. Basic earnings per share		0.1777	0.1742
ii. Diluted earnings per share		0.1777	0.1742
VII. Other consolidated income		-291,859.80	-696,806.42
VIII. Total comprehensive income		131,536,252.59	110,810,638.63
Total consolidated income attributable to owners of parent company		135,516,459.74	110,436,958.35
Total consolidated income attributable to minority shareholders		-3,980,207.15	373,680.28

The merger realized net profit RMB 0.00 before consolidation during enterprises consolidation under a same control.

Legal representative: Liu Tibin

Person in charge of accounting works: Zhang Xiaolong

Person in charge of accounting institution: Tang Bin

4. Profit Statement of parent company

Prepared by Hefei Meiling Co., Ltd.

January- June 2013

Unit: RMB

Item	Note	Amount in this period	Amount in last period
I. Operating income		3,829,721,899.14	3,621,039,142.64
Less: operating cost		3,221,426,513.11	3,070,016,853.33
Operating tax and extras		36,221,458.33	31,914,753.63
Sales expenses		407,549,284.71	361,043,008.41
Administration expenses		78,925,071.15	81,986,923.62
Financial expenses		-31,287,748.99	-33,719,408.35
Losses of devaluation of asset		2,555,031.25	-24,334,130.41
Add: Changing income of fair value(Loss is listed with "-")			

Investment income (Loss is listed with “-”)		1, 285, 161. 84	1, 249, 554. 97
Including: Investment income on affiliated company and joint venture		211, 404. 54	175, 797. 67
II. Operating profit (Loss is listed with “-”)		115, 617, 451. 42	135, 380, 697. 38
Add: Non-operating income		5, 776, 504. 46	2, 906, 535. 04
Less: Non-operating expense		2, 727, 898. 46	5, 321, 936. 63
Including: Disposal loss of non-current asset		2, 727, 898. 46	5, 321, 936. 63
III. Total Profit (Loss is listed with “-”)		118, 666, 057. 42	132, 965, 295. 79
Less: Income tax expense		20, 134, 187. 07	22, 094, 357. 32
IV. Net profit (Net loss is listed with “-”)		98, 531, 870. 35	110, 870, 938. 47
V. Earnings per share			
i. Basic earnings per share		0. 1290	0. 1742
ii. Diluted earnings per share		0. 1290	0. 1742
VI. Other consolidated income			
VII. Total comprehensive income		98, 531, 870. 35	110, 870, 938. 47

Legal representative: Liu Tibin

Person in charge of accounting works: Zhang Xiaolong

Person in charge of accounting institution: Tang Bin

5. Consolidated Cash Flow Statement

Prepared by Hefei Meiling Co., Ltd.

January- June 2013

Unit: RMB

Item	Amount in this period	Amount in last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	3, 331, 097, 400. 51	2, 611, 057, 053. 96
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		

Net increase of disposal of transaction financial asset		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received	48,652,719.99	44,962,884.98
Other cash received concerning operating activities	71,908,913.97	12,793,275.47
Subtotal of cash inflow arising from operating activities	3,451,659,034.47	2,668,813,214.41
Cash paid for purchasing commodities and receiving labor service	2,507,755,591.42	2,064,859,020.49
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	393,119,416.07	324,087,053.68
Taxes paid	313,635,084.47	268,142,290.34
Other cash paid concerning operating activities	380,447,500.28	272,269,140.43
Subtotal of cash outflow arising from operating activities	3,594,957,592.24	2,929,357,504.94
Net cash flows arising from operating activities	-143,298,557.77	-260,544,290.53
II. Cash flows arising from investing activities:		
Cash received from recovering investment	720,000.00	-
Cash received from investment income	1,685,337.19	1,073,757.30
Net cash received from disposal of fixed, intangible and other long-term assets	593,337.20	762,052.14
Net cash received from disposal of subsidiaries and other units		

Other cash received concerning investing activities	32,111,533.12	6,171,203.13
Subtotal of cash inflow from investing activities	35,110,207.51	8,007,012.57
Cash paid for purchasing fixed, intangible and other long-term assets	44,629,746.28	81,482,550.21
Cash paid for investment	234,942.68	
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	44,864,688.96	81,482,550.21
Net cash flows arising from investing activities	-9,754,481.45	-73,475,537.64
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	514,641,824.68	132,587,439.80
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	514,641,824.68	132,587,439.80
Cash paid for settling debts	108,788,409.39	34,214,668.71
Cash paid for dividend and profit distributing or interest paying	3,004,551.91	4,147,746.45
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	111,792,961.30	38,362,415.16
Net cash flows arising from financing activities	402,848,863.38	94,225,024.64
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	5,346,669.62	4,965,199.03
V. Net increase of cash and cash equivalents	255,142,493.78	-234,829,604.50

Add: Balance of cash and cash equivalents at the period -begin	1, 701, 307, 578. 13	1, 401, 674, 679. 41
VI. Balance of cash and cash equivalents at the period -end	1, 956, 450, 071. 91	1, 166, 845, 074. 91

Legal representative: Liu Tibin

Person in charge of accounting works: Zhang Xiaolong

Person in charge of accounting institution: Tang Bin

6. Cash Flow Statement of parent company

Prepared by Hefei Meiling Co., Ltd.

January- June 2013

Unit: RMB

Item	Amount in this period	Amount in last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	2, 291, 377, 546. 05	2, 017, 909, 658. 46
Write-back of tax received	10, 868, 319. 19	13, 354, 107. 09
Other cash received concerning operating activities	64, 895, 929. 24	8, 000, 726. 82
Subtotal of cash inflow arising from operating activities	2, 367, 141, 794. 48	2, 039, 264, 492. 37
Cash paid for purchasing commodities and receiving labor service	1, 960, 882, 711. 48	1, 925, 474, 277. 93
Cash paid to/for staff and workers	178, 018, 179. 09	143, 015, 542. 21
Taxes paid	139, 676, 410. 23	190, 639, 645. 56
Other cash paid concerning operating activities	87, 972, 200. 92	94, 250, 858. 05
Subtotal of cash outflow arising from operating activities	2, 366, 549, 501. 72	2, 353, 380, 323. 75
Net cash flows arising from operating activities	592, 292. 76	-314, 115, 831. 38
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	1, 590, 353. 30	1, 073, 757. 30
Net cash received from disposal of fixed, intangible and other long-term assets	545, 655. 60	688, 667. 35
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	26, 949, 532. 49	4, 354, 922. 44
Subtotal of cash inflow from investing activities	29, 085, 541. 39	6, 117, 347. 09

Cash paid for purchasing fixed, intangible and other long-term assets	34,133,918.81	45,474,500.69
Cash paid for investment		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	34,133,918.81	45,474,500.69
Net cash flows arising from investing activities	-5,048,377.42	-39,357,153.60
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	452,929,528.78	108,457,477.17
Cash received from issuance of bonds		
Other cash received concerning financing activities	49,633,900.06	-
Subtotal of cash inflow from financing activities	502,563,428.84	108,457,477.17
Cash paid for settling debts	24,205,440.00	640,000.00
Cash paid for dividend and profit distributing or interest paying	2,752,500.00	3,398,002.70
Other cash paid concerning financing activities	514,570.91	10,000,000.00
Subtotal of cash outflow from financing activities	27,472,510.91	14,038,002.70
Net cash flows arising from financing activities	475,090,917.93	94,419,474.47
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	3,899,166.64	3,496,863.96
V. Net increase of cash and cash equivalents	474,533,999.91	-255,556,646.55
Add: Balance of cash and cash equivalents at the period -begin	1,235,992,818.90	1,045,235,918.61
VI. Balance of cash and cash equivalents at the period -end	1,710,526,818.81	789,679,272.06

Legal representative: Liu Tibin

Person in charge of accounting works: Zhang Xiaolong

Person in charge of accounting institution: Tang Bin

7. Consolidated Statement on Changes of Owners' Equity

Amount in this period

Unit: RMB

Item	Amount in this period									
	Owners' equity attributable to the parent company								Minority's equity	Total owners' equity
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk provision	Retained profit	Others		
I. Balance at the end of last year	763,739,205.00	1,482,582,391.41			325,000,757.16		385,744,261.05	-1,278,962.31	25,682,269.34	2,981,469,921.65
Add: Changes of accounting policy										
Error correction of the last period										
Others										
II. Balance at the beginning of this year	763,739,205.00	1,482,582,391.41			325,000,757.16		385,744,261.05	-1,278,962.31	25,682,269.34	2,981,469,921.65
III. Increase/ Decrease in this year (Decrease is listed with"-")		-234,942.68					135,691,575.62	-175,115.88	-7,220,207.15	128,061,309.91
(i) Net profit							135,691,575.62		-3,863,463.23	131,828,112.39
(ii) Other consolidated income								-175,115.88	-116,743.92	-291,859.80
Subtotal of (i)and (ii)							135,691,575.62		-3,980,207.15	131,711,368.47
(III) Owners' devoted and decreased capital		-234,942.68							-3,240,000.00	-3,474,942.68
1. Owners' devoted capital									-3,240,000.00	-3,240,000.00
2. Amount calculated into owners' equity paid in shares										
3. Others		-234,942.68								-234,942.68

(IV) Profit distribution										
1. Withdrawal of surplus reserves										
2. Withdrawal of general risk provisions										
3. Distribution for owners (shareholders)										
4. Others										
(V) Carrying forward internal owners' equity										
1. Capital reserves converted to capital (share capital)										
2. Surplus reserves converted to capital (share capital)										
3. Remedying loss with surplus reserve										
4. Others										
(VI) Reasonable reserve										
1. Withdrawal in this period										
2. Usage in this period										
(VII) Other										
IV. Balance at the end of the report period	763,739,205.00	1,482,347,448.73			325,000,757.16	-	521,435,836.67	-1,454,078.19	18,462,062.19	3,109,531,231.56

Amount in last period

Unit: RMB

Item	Amount in last period										
	Owners' equity attributable to the parent company									Minority's equity	Total owners' equity
	Paid-up capital (Share)	Capital reserves	Less: Treasury	Reasonable	Surplus reserves	General risk	Retained profit	Others			

	capital)		Stock	reserve		provision				
I. Balance at the end of last year	636,449,338.00	1,609,999,547.27			299,625,924.94		250,743,672.24	-501,107.01	57,918,266.85	2,854,235,642.29
Add: retroactive adjustment arising from enterprise consolidation under the same control										
Add: Changes of accounting policy										
Error correction of the last period										
Others										
II. Balance at the beginning of this year	636,449,338.00	1,609,999,547.27			299,625,924.94		250,743,672.24	-501,107.01	57,918,266.85	2,854,235,642.29
III. Increase/ Decrease in this year (Decrease is listed with "-")	127,289,867.00	-127,417,155.86			25,374,832.22		135,000,588.81	-777,855.30	-32,235,997.51	127,234,279.36
(i) Net profit							192,197,887.93		-31,020,487.31	161,177,400.62
(ii) Other consolidated income								-777,855.30	-518,570.20	-1,296,425.50
Subtotal of (i)and (ii)							192,197,887.93	-777,855.30	-31,539,057.51	159,880,975.12
(III) Owners' devoted and decreased capital		-127,288.86								-127,288.86
1. Owners' devoted capital										
2. Amount calculated into owners' equity paid in shares										
3. Others		-127,288.86								-127,288.86
(IV)Profit distribution					25,374,832.22		-57,197,299.12		-696,940.00	-32,519,406.90
1. Withdrawal of surplus reserves					25,374,832.22		-25,374,832.22		-	-
2. Withdrawal of general risk provisions										

3. Distribution for owners (shareholders)							-31,822,466.90		-696,940.00	-32,519,406.90
4. Others										
(V) Carrying forward internal owners' equity	127,289,867.00	-127,289,867.00								
1. Capital reserves converted to capital (share capital)	127,289,867.00	-127,289,867.00								
2. Surplus reserves converted to capital (share capital)										
3. Remedying loss with surplus reserve										
4. Others										
(VI) Reasonable reserve										
1. Withdrawal in this period										
2. Usage in this period										
(VII) Other										
IV. Balance at the end of the report period	763,739,205.00	1,482,582,391.41			325,000,757.16		385,744,261.05	-1,278,962.31	25,682,269.34	2,981,469,921.65

Legal representative: Liu Tibin

Person in charge of accounting works: Zhang Xiaolong

Person in charge of accounting institution: Tang Bin

8. Statement on Changes of Owners' Equity of Parent Company

Amount in this period

Unit: RMB

Item	Amount in this period							
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of last year	763,739,205.00	1,497,898,194.51			324,782,591.48	-	537,741,242.57	3,124,161,233.56

Add: Changes of accounting policy								
Error correction of the last period								
Others								
II. Balance at the beginning of this year	763,739,205.00	1,497,898,194.51			324,782,591.48	-	537,741,242.57	3,124,161,233.56
III. Increase/ Decrease in this year (Decrease is listed with "-")							98,531,870.35	98,531,870.35
(i) Net profit							98,531,870.35	98,531,870.35
(ii) Other consolidated income								
Subtotal of (i)and (ii)							98,531,870.35	98,531,870.35
(III) Owners' devoted and decreased capital								
1. Owners' devoted capital								
2. Amount calculated into owners' equity paid in shares								
3. Others								
(IV) Profit distribution								
1. Withdrawal of surplus reserves								
2. Withdrawal of general risk reserve								
3. Distribution for owners (shareholders)								
4. Others								
(V) Carrying forward internal owners' equity								
1. Capital reserves converted to capital (share capital)								
2. Surplus reserves converted to capital (share capital)								
3. Remedying loss with surplus reserves								

4. Others								
(VI) Reasonable reserve								
1. Withdrawal in this period								
2. Usage in this period								
(VII) Other								
IV. Balance at the end of the report period	763,739,205.00	1,497,898,194.51			324,782,591.48		636,273,112.92	3,222,693,103.91

Amount in last year

Unit: RMB

Item	Amount in last year							
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of last year	636,449,338.00	1,625,315,350.37			299,407,759.26		341,190,219.48	2,902,362,667.11
Add: Changes of accounting policy								
Error correction of the last period								
Others								
II. Balance at the beginning of this year	636,449,338.00	1,625,315,350.37			299,407,759.26		341,190,219.48	2,902,362,667.11
III. Increase/ Decrease in this year (Decrease is listed with"-")	127,289,867.00	-127,417,155.86			25,374,832.22		196,551,023.09	221,798,566.45
(i) Net profit							253,748,322.21	253,748,322.21
(ii) Other consolidated income								
Subtotal of (i)and (ii)							253,748,322.21	253,748,322.21
(III) Owners' devoted and decreased capital		-127,288.86						-127,288.86
I. Owners' devoted capital								106,074,889.00

2. Amount calculated into owners' equity paid in shares								
3. Others		-127,288.86						-127,288.86
(IV) Profit distribution					25,374,832.22		-57,197,299.12	-31,822,466.90
1. Withdrawal of surplus reserves					25,374,832.22		-25,374,832.22	-
3. Withdrawal of general risk reserve								
3. Distribution for owners (shareholders)							-31,822,466.90	-31,822,466.90
4. Others								
(V) Carrying forward internal owners' equity	127,289,867.00	-127,289,867.00						
1. Capital reserves converted to capital (share capital)	127,289,867.00	-127,289,867.00						
2. Surplus reserves converted to capital (share capital)								
3. Remedying loss with surplus reserves								
4. Others								
(VI) Reasonable reserve								
3. Withdrawal in this period								
4. Usage in this period								
(VII) Other								
IV. Balance at the end of the report period	763,739,205.00	1,497,898,194.51			324,782,591.48		537,741,242.57	3,124,161,233.56

Legal representative: Liu Tibin

Person in charge of accounting works: Zhang Xiaolong

Person in charge of accounting institution: Tang Bin

Hefei Meiling Co., Ltd.

Annotations of Financial Statement for Semi-Annual of 2013

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

I. Company profile

(I) Historical Origin

Hefei Meiling Co., Ltd (hereinafter referred to as “the Company”) is an incorporated Company established and reorganized by Hefei Meiling Refrigerator General Factory and approved on June 12th 1992 through [WanTiGaiHanZi (1992) No.039] issued by original Mechanism Reform Committee of Anhui Province. On August 30th 1993, through Anhui Provincial Government [Wanzhenmin (1993) No.166] and re-examination of China Securities Regulatory Commission, the Company made first public issue for 30 million A shares and the Company was listed on Oct. 18th, 1993 in Shenzhen Stock Exchange. On August 13th, 1996, the Company was approved to issue 100 million B shares to investors abroad through [ZhengWeiFa(1996) No.26] issued by China Securities Regulatory Commission. The Company went public in Shenzhen Stock Exchange on August 28th, 1996.

State-owned Assets Supervision & Administration Commission of the State Council approved such transfers with Document Guozi Chanquan No.253 in 2007 Reply on Matters of Hefei Meiling Group Holdings Company Limited Transferring Partial State-owned Ownership, Hefei Meiling Group Holdings Company Limited (hereinafter abbreviated as Meiling Group) transferred its holding 37,852,683 shares in 82,852,683 state-owned shares of the Company to Sichuan Changhong Electronic Group Co., Ltd (hereinafter abbreviated as Changhong Group), other 45,000,000 shares to Sichuan Changhong Electric Co. Ltd (hereinafter abbreviated as Sichuan Changhong). On Aug 15, 2007, the above ownerships were transferred and Cleaning Corporation Limited.

On 27 August 2007, State-owned Assets Supervision & Administration Commission of Anhui Provincial Government replied with Document [WGZCQH(2007) No.309] Reply on “Related Matters of Share Merger Reform of Meiling Co., Ltd.”, agreed the Company’s ownership split reform plan. The Company made consideration that non-tradable share holders deliver 1.5 shares to A share holders per 10 shares, and original Meiling Group made prepayment 3,360,329 shares for some non-tradable share holders as consideration for split reform plan.

On 29 May 2008, concerning 34,359,384 state-owned shares (including 3,360,329 shares paid for other non-tradable shareholders by original Meiling Group in share reform) held by original Meiling Group, the “Notice of Freely Transfer of Meiling Electrics Equity held by Meiling Group”[HGZCQ(2008) No. 59] issued from State-owned Assets Supervision & Administration Commission of Hefei Municipal, agrees to transfer the above said shares to Hefei Xingtai Holding Group Co., Ltd.(“Xingtai Holding Co.,”) for free. On 7 August 2008, the “Reply of Transfer Freely of Part of the Shares of Hefei Meiling Co., Ltd. held by State-owned shareholders”[GZCQ(2007) No. 750] issued by SASAC, agrees the above said transferring.

On October 29, 2008, Changhong Group Company signed Agreement on Equity Transfer of Hefei Meiling Co., Ltd with Sichuan Changhong, in which 32,078,846 tradable A-shares with conditional subscription of the Company (accounting for 7.76% in total shares) held by Changhong Group Company. On 23 December 2008, “Reply of Transfer Freely of Part of the Shares of Hefei Meiling Co., Ltd. held by State-owned shareholders”[GZCQ(2008) No. 1412] issued by SASAC agrees the above said share transferring.

On 24 December 2010, being deliberated and approved in 32nd Meeting of 6th Session of the Board and 2nd Extraordinary Shareholders’ General Meeting of 2010 as well as approval of

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless other wise specified, RMB for record in the Statement)

document [ZJXP(2010) No. 1715] from CSRC, totally 116,731,500 RMB ordinary shares (A stock) were offering privately to target investors with issue price of RMB 10.28/share. Capital collecting amounting to RMB 1,199,999,820 after issuing expenses RMB 22,045,500 deducted, net capital collected amounting to RMB 1,177,954,320, and paid-in capital(share capital) increased RMB 116,731,500 with capital reserve(share premium) RMB 1,061,106,088.5 increased. The increasing capital has been verified by Capital Verification Report No.: [XYZH2010CDA6021] issued from Shining CPA Co., Ltd.

On 20 June 2011, the general meeting of the Company considered and approved the 2010 profit distribution plan, namely to distribute cash dividends of RMB0.5 (tax included) plus two shares for every ten shares held by shareholders to all shareholders, based on the total share capital of 530,374,449 shares as of 31 December 2010. The total share capital of the Company upon profit distribution increased to 636,449,338 shares. The capital increase was verified by Anhui Huashen Zhengda Accounting Firm with the verification report WHSZDKYZ(2011)No.141.

On 26 June 2012, the general meeting of the Company considered and approved the 2011 profit distribution and capitalization of capital reserve plan, namely to distribute cash dividends of RMB0.5 (tax included) plus two shares for every ten shares to all shareholders capitalized from capital reserve, based on the total share capital of 636,449,338 shares as of 31 December 2011. The total share capital of the Company upon implementation of capitalization of capital reserve increased to 763,739,205 shares from 636,449,338 shares, and was verified by Anhui Anlian Xinda Accounting Firm with the verification report WALXDYZ(2012)No.093.

Ended as 30 June 2013, total share capital of the Company amounting to 763,739,205 shares with ordinary shares in full. Among which, 600,875,205 shares of A-share accounting 78.68% in total shares while B-share with 162,864,000 shares accounting 21.32% in total shares. Detail share capital as:

Type of stock	Quantity	Proportion
I. Restricted shares	65,330,068	8.55%
1. State-owned shares		
2. State-owned legal person's shares	56,309,236	7.37%
3. Other domestic shares	9,020,832	1.18%
Including: Domestic non-state-owned legal person's shares	8,896,647	1.16%
Domestic natural person's shares	124,185	0.02%
4. Foreign shares		
Including: Foreign legal person's shares		
Foreign natural person's shares		
5. Senior executives' shares		
II. Unrestricted shares	698,409,137	91.45%
1. RMB Ordinary shares	535,545,137	70.13%
2. Domestically listed foreign shares	162,864,000	21.32%
3. Overseas listed foreign shares		
4. Others		

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

III. Total shares	763,739,205	100.00%
-------------------	-------------	---------

(II) Business nature and its business activities

The Company belongs to the manufacture of light industry, and engaged in the production and sale of refrigerator, freezer and air-conditioner. Registration No. of the Business License of Corporation Legal Person: 340000400001278; Address: No.2163, Lianhua Road, Economy and Technology Development Zone, Hefei City; Legal Representative: Liu Tabin; register capital(paid-in capital): RMB 763,739,205; type of company: limited liability company(joint venture and listed of Taiwan, Hong Kong and Macau) Business Scope: Manufacture of cooling apparatus, air-conditioner, washing machine, injection plastic machine of computer controlling, computer heater, plastic products, packaging products and decorations. Business of self-produced products, technology export and import&export of the raw&auxiliary materials, machinery equipment, instrument and technology; department sales and transportation

(III) Name of the parent Company and final actual controller of the Group

Ended 30 June 2013, Sichuan Changhong and its accord actionist totally held 24.88% shares of the Company and is the first largest shareholder; Changhong Group held 23.19% shares of Sichuan Changhong accounting and is the first largest shareholder of Sichuan Changhong; State-owned Assets Supervision & Administration Commission of Mianyang Municipality held 100% equities of Changhong Group and is the final actual controller of the Company. Xingtai Holding Company held 6.26% shares of the Company accounting and is the second largest shareholder of the Company.

II. Significant Accounting Policy, Accounting Estimation and Preparation Method for Consolidated Financial Statement

(I) Basis for preparation of financial statement

The financial statements of the Company were prepared in accordance with the actual transactions and proceedings, and relevant regulation of Accounting Standards for Enterprise released by the Ministry of Finance, and was on the basis of sustainable operation, and the accounting policy and estimation stated in the IV-“Significant Accounting Policy, Accounting Estimation and Preparation Method for Consolidated Financial Statement”.

(II) Statement on Observation of Accounting Standard for Enterprise

The financial statement prepared by the Company applies with the requirements of Accounting Standard for Enterprise, and reflects the financial condition, operational achievements and cash flow of the Company effectively and completely.

(III) Accounting period

The accounting period of the Company is the calendar date from 1 January to 31 December.

(IV) Standard currency for accounting

The Company takes RMB as the standard currency for accounting.

(V) Accounting basis and pricing principle

The Company adopts accrual basis accounting as the accounting basis for accounting calculation. Except for the tradable financial assets and financial assets available-for-sale are measured with fair value, historical cost is used as pricing principle.

(VI) Business Combination

Business combination refers to the event or transaction that the Company combines two or more separate enterprises as one reporting entity. The Company shall recognize the assets and liabilities derived from business combination at the combination date or acquisition date. A combination date or acquisition date is the date on which the Company effectively obtains

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

control of the company being absorbed

The assets and liabilities acquired through a business combination involving an enterprise under common control shall be measured by the acquirer according to the carrying amount recorded by the acquirer's at the combination date. The difference between the consideration of combination and the carrying amount of the acquired net assets shall be included in capital surplus, or it shall be included in retained earnings continuously if the capital surplus is not sufficient.

The cost of business combinations not involving an enterprise under common control is the aggregate of the fair value, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. When the costs of business combinations exceed the acquirer's identifiable net assets, the difference shall be recognized as goodwill, if not, the differences shall be included in the profit or loss in the current period.

(VII) Measures on Preparation of Consolidated Financial Statements

1. Recognized principals of consolidated areas

The Company shall put subsidiaries which it controlling totally, main body with special purpose into consolidated financial statements.

2. Accounting method for Consolidated Financial Statements:

Consolidated financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises No.33 - Consolidated Financial Statements and relevant supplementary regulations. All significant transactions and balances between the Company and its subsidiaries are eliminated for the purpose of consolidation. The equity of subsidiaries not held by the parent company shall be presented separately as minority shareholders' equity in consolidated shareholders' equity.

Any difference arising from the inconformity of accounting year or accounting policies between the subsidiaries and the Company shall be adjusted in the consolidated financial statements.

When preparing the consolidated financial statements, if the Company acquired the subsidiary through business combination not involving under common control, the separate financial statements shall be adjusted based on the fair value of identifiable net assets at the acquisition date. If the subsidiary is acquired through business combination involving common control, the consolidated financial statements shall include the carrying amount of assets, liabilities, operating result and cash flow of the subsidiary at the beginning of the current period.

(VIII) Cash and cash equivalent

The cash reflected in the cash flow statement of the Company represents the inventory cash and the deposit available for payment at any time. And the cash equivalent in the cash flow statement refers to the kind of investment with holding term not exceeding 3 months and strong flow ability. At the same time, the cash equivalent is easy to convert into cash with already-known amount and risk of value change is very small.

(IX) Foreign currency business and foreign currency financial statement conversion

1. Foreign currency business

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

As for the foreign currency business, the Company converts the foreign currency amount into RMB amount pursuant to the spot exchange rate as of the business day. As at the balance sheet date, monetary items expressed by foreign currency are converted into RMB pursuant to the spot exchange rate as of the balance sheet date. The conversion difference occurred is recorded into prevailing gains and losses, other than the disclosure which is made according to capitalization rules for the exchange difference occurred from the special foreign currency borrowings borrowed for constructing and producing the assets satisfying condition of capitalization. As for the foreign currency non-monetary items measured by fair value, the amount is then converted into RMB according to the spot exchange rate as of the confirmation day for fair value. And the conversion difference occurred during the procedure is recorded into prevailing gains and losses directly as change of fair value. As for the foreign currency non-monetary items measured by historical cost, conversion is made with the spot exchange rate as of the business day, with no change in RMB amount.

2. Conversion of foreign currency financial statement

Spot exchange rate as of the balance sheet date is adopted for conversion of assets and liabilities in foreign currency balance sheet; as for the items in statement of owners' equity except for "Undistributed profit", conversion is made pursuant to the spot exchange rate of business day; income and expense items in income statement then are also converted pursuant to the spot exchange rate of transaction day. Difference arising from the aforementioned conversions shall be listed separately in items of owners' equity. Spot exchange rate as of the occurrence date of cash flow is adopted for conversion of foreign currency cash flow. The amount of cash affected by exchange rate movement shall be listed separately in cash flow statement.

(X) Financial assets and financial liabilities

1. Financial assets

(1) Classification of financial assets

In consideration of investment targets and economic essence, the Company groups the financial assets owned by it as four categories, namely financial assets measured by fair value and whose movement is recorded into prevailing gains and losses, held-to-maturity investment, loans and accounts receivables, as well as financial assets available-for-sale.

Financial assets measured by fair value and whose movement is recorded into prevailing gains and losses represent the financial assets which are held mainly for disposal in a short time and listed as tradable financial assets in the balance sheet.

Held-to-maturity investment represents the non-derivative financial assets which has fixed maturity day, fixed or available-for-confirmation recovered amount and for which the management has definite intention and ability to hold till maturity.

Loans and accounts receivables represent the non-derivative financial assets which have no quotation in an active market and fixed or available-for-confirmation recovered amount.

Financial assets available-for-sale including the non-derivative financial assets available-for-sale and the financial assets which have not been grouped as others at the initial confirmation

(2) Recognition and measurement for financial assets

Financial assets, while become party of the contract of financial instrument in the Company, recognized in balance sheet by fair value. For the financial assets which are

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

measured by fair value and whose fair value change is recorded into prevailing gains and losses, the relevant transaction expense arising from acquisition is recorded into prevailing gains and losses directly, while the relevant transaction expense of other financial assets is recorded into initial recognition amount.

Financial assets which are measured by fair value and whose fair value change is recorded into prevailing gains and losses, together with financial assets available-for-sale, would have follow-up measurement according to fair value; effective interest method is adopted for loans and accounts receivables and held-to-maturity investment which are shown in amortized cost.

Fair value change of financial assets which are measured by fair value and whose fair value change is recorded into prevailing gains and losses is recorded into gains and losses of fair value change; interests or cash dividend acquired from holding assets are recognized as investment income; when disposing such assets, the difference between their fair value and initial accounting amount is recognized as investment gains and losses. Meanwhile, gains and losses of fair value shall be adjusted.

Except impairment losses and exchange gains/loss from financial assets with foreign currency, variation of the fair value for financial assets available for sale should reckon into shareholders' equity. The variation of fair value accumulative reckon into equity previously should transfer into current gains/losses while recognition of this financial asset terminated. For the interest during period of holding for instrument investment of liability available for sale based on real interest rate, and cash dividend related with instrument investment of equity available for sale that announced by invested enterprises should reckon into current gains/losses as investment incomes.

(3) Impairment of financial assets

Except for the financial assets which are measured by fair value and whose fair value change is recorded into prevailing gains and losses, the Company will make check in the carrying value of other financial assets as at the balance sheet date. If there is objective evidence proving impairment of certain financial assets, the Company then makes provision for impairment.

When the financial assets calculated by amortized cost decrease in value, count and draw the provision for impairment according to the balance between present value and book value of predicted future cash flows (Excluding future credit losses that haven't occurred yet.). If there is any objective evidence to indicate that the financial assets has recovered and is objectively connected with matters occurred after confirming the losses, the formerly confirmed impairment losses will be reversed and reckoned in current profits and losses.

When the fair value of financial assets available for sale goes down substantially or non-transiently, the accumulating losses previously and directly reckoned in shareholder's equity and formed due to shrinkage of fair value will be transferred and reckoned in impairment losses. As for the debt instrument investment available for sale with confirmed impairment losses, if its fair value rises after and it is objectively connected with matters occurred after confirming the primary impairment losses, the formerly confirmed impairment losses will be reversed and reckoned in current profits and losses. And the debt instrument investment available for sale with confirmed impairment losses shall be directly reckoned in stockholder's equity if its fair value rises after.

(4) Transfer of financial assets

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

The financial assets meet one of following requirements will be terminated recognition: ① The contract rights of collecting cash flow of the financial assets is terminated; ② The financial assets has already been transferred, and the Company has transferred almost all risks and remunerations of financial assets ownership to the transferee; ③ The financial assets has been transferred, even though the Company has neither transferred nor kept almost all risks and remunerations of financial assets ownership, the Company has given up controlling the financial assets.

If the enterprise has neither transferred or kept almost all risks and remunerations of financial assets ownership, nor given up controlling the financial assets, then confirm the relevant financial assets according to how it continues to involve into the transferred financial assets and confirm the relevant liabilities accordingly. The degree of keeping involving into the transferred financial assets refers to the risk level with which the fluctuation of this financial asset value makes the enterprise face.

If the entire transfer of financial assets satisfies the demand for derecognition, reckon the balance between the book value of the transferred financial assets and the sum of consideration received from transfer and fluctuation accumulated amount of fair value formerly reckoned in other consolidated income in the current profits and losses.

If part transfer of financial assets satisfies the demand for derecognition, apportion the integral book value of the transferred financial assets between the derecognized parts and the parts not yet derecognized according to each relative fair value, and reckon the balance between the sum of consideration received from transfer and fluctuation accumulated amount of fair value formerly reckoned in other consolidated income that should be apportioned to the derecognized parts and the apportioned aforementioned carrying amounts in the current profits and losses.

2. Financial liability

When making the initial recognition for financial liabilities, the Company classifies the financial liabilities into ones which are measured by fair value and whose change is recorded into prevailing gains and losses, and other financial liabilities.

Financial liabilities which are measured by fair value and whose change is recorded into prevailing gains and losses include tradable financial liabilities and financial liabilities which are measured by fair value and whose change is recorded into prevailing gains and losses at the initial recognition day. Follow-up measurements are made by fair value. Recorded into prevailing gains and losses are the gains or losses formed through fair value change and dividend and interest expenditure regarding to the financial liabilities.

As for other financial liabilities, effective interest rate method is adopted and follow-up measurement is made according to amortized cost.

3. Method for recognition of fair value of financial assets and liabilities

For those financial instruments existing in active markets, market quotation in the active market is used to confirm their fair values. In active market, the Company takes the present bid price of already-held financial assets or plan-to-undertake financial liabilities as the fair values of relevant assets and liabilities; the Company takes the present offer price of plan-to-buy financial assets and –already-undertaken liabilities as the fair values of relevant assets and liabilities. In the situation that there are no present bid and offer price for financial assets and liabilities, while there is no material change in economic environment after the latest business

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

day, then fair value of the financial assets and liabilities is to confirm pursuant to the latest business market quotation.

Fair value of the financial instruments which have no active market is confirmed by adoption of estimation technology. Estimation technology includes reference to the price applied by parties which know well situation and are willing to make deals in the latest market business, reference to the current fair value of other financial assets which are the same in principle, reference to discounted cash flow method and option pricing model.

(XI) Bad debt provision for accounts receivable

The following situation as standards for confirmation of bad debt losses of accounts receivable: revoke, bankruptcy, insolvency, serious insufficiency of cash flow of its debit units, or the debit units have to stop production due to serious natural disaster and are not able to settle the debts or in predicted time, or other definite evidence showing that the debt is not available to call back or the possibility of calling back is tiny.

Allowance method is adopted for the bad debt losses which are likely to happen. And conducting impairment test independently or by combination at period-end, withdrawn bad debt provision and then recorded into current gains and losses. As for the accounts receivable which are not able to call back through definite evidence, they shall be treated as bad debt losses after approval of the Group according to regulated procedures to offset withdrawn bad debt provision.

1. Account receivable with single significant amount and withdrawal single item bad debt provision:

Determine basis or amount standards for single significant amount	Beginning from test of single amount with 5% in total , if totally amount takes over 80% of the total for over 5% occupied, than 5% of single amount in total amounts recognized as single significant amount; if totally amount takes less than 80% of the total for over 5% occupied, than lower recognition standards till qualified 80% in total
withdrawal method for account with single significant amount and withdrawal single item bad debt provision	Withdrawal bad debt provision according to difference between the current value of future cash flow and book values

2. Account receivable withdrawal bad debt provision by combination:

Basis for combination recognized	
Combination 1	Account receivable except combination 2
Combination 2	Employee reserve fund, foreign investment amount, contact with related party, export tax refund receivable, account receivable with L/C or insurance, government subsidy etc.
Methods on withdrawal of bad debt provision based on combination	
Combination 1	Age analysis
Combination 2	Balance proportion

Combination 1: withdrawal proportion of bad debt provision for account receivable based on age analysis:

Account age	Account receivables Accrual proportion (%)	Other account receivable Accrual proportion (%)
Within 1year(1year included)	5	5
1—2years	15	15
2—3 years	35	35

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless other wise specified, RMB for record in the Statement)

3—4 years	55	55
4—5 years	85	85
Over 5 years	100	100

Combination 2: withdrawal proportion of bad debt provision for account receivable based on balance proportion:

Combination	Account receivables Accrual proportion (%)	Other account receivable Accrual proportion (%)
Combination 2	0.00	0.00

Account receivables in combination 2 have the risk in control and withdrawal no bad debt provision.

3. Account receivable with single minor amount but withdrawal single item bad debt provision:

Reasons for withdrawal single item bad debt provision	Account with minor amount but have significant inflow risk on predicted future cash flow
withdrawal method for bad debt provision	Impairment test on the current value of predicted future cash flow, bad debt provision withdrawal. If depreciation occurred, independently withdrawal bad debt provision without combination basis; if no depreciation happened, impairment test base on the combination nature that included in the combination.

(XII) Inventories

Inventories of the Company principally include raw materials, stock goods; work in process, self-made semi-finished product, materials consigned to precede, low-value consumption goods, goods in transit, goods in process and mould etc.

Perpetual inventory system is applicable to inventories. For daily calculation, standard price is adopted for raw materials, low-value consumption goods and stock goods. Switch-back cost of the current month is adjusted by distribution price difference at the end of the month, the dispatched goods will share the cost differences of inventory while in settlement the business income; and low-value consumption goods is carried forward at once when being applied for use; the mould expenses will evenly deferred share based on balance at period-begin plus increase amount in this period divided by 12 months.

Inventory at period-end valued by the Lower-of-value between the cost and net realizable value. For those individual stock, suffering damage, totally or partly out of fashion or has lower sales price than cost, predicted recoverable parts in cost, and withdrawal provision of inventory depreciation single. For those raw materials, stock commodities and goods in transit, withdrawal provision of inventory depreciation by follow methods:

1. Determined the net realizable value of raw materials on the higher amount between the final prices of estimated sale-price deducted cost (about to happen till products finished), estimated sales expense and relevant taxes, and the fair value of external disposal.

2. Withdrawal obsolete provision for commodity stocks and goods in transit by the follow proportion:

(1) Refrigerator, freezer and washing machine

Grade	Stock duration	Withdrawal proportion for obsolete provision
-------	----------------	--

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless other wise specified, RMB for record in the Statement)

Grade	Stock duration	Withdrawal proportion for obsolete provision
Grade-A	Within 3 months	0%
	4-6 months	5%
	7-12 months	15%
	1-2 years	25%
	2-3 years	40%
	Over 3 years	100%
Qualified		40%
Grade-B		50%
Grade-C		60%
Unqualified		60%
Disposal		65%
Sample machine		30%
Special user type that exceed the order quantity		50%

(2) Air-conditioner

Location level	Withdrawal proportion for obsolete provision
Repair	50%
Awaiting repair	70%
Store return	70%
De-stocking	70%
Overstock	100%

The Company re-checks the above mentioned proportion at every end of the year. Calculated the net realizable value by difference between the estimated sale price less the estimated sales expense and relevant taxation; after comparison with the book value of commodity stocks and goods in transit, determined whether adjusted the proportion or not.

3. The present products produced according to the market requirement usually, and without significant obsolete evidence in short-term, so withdrawal no obsolete provision.

4. Mould expense will amortize in instalment in usual times. Once the use-life of mould being terminated, than transfer its remaining cost into gains/losses, and no withdrawal of obsolete provision at period-end

(XIII) Long-term equity investment

Long-term equity investment mainly includes the equity investment which entitles the Company to conduct control, common control or significant influence over the invested units, and the equity investment which couldn't entitle the Company to conduct control, common

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

control or significant influence over the invested units and which have no quotation price in active market and whose fair value could not be able to measured surely.

Common control refers to the control jointly enjoyed upon certain economic activity according to regulations of contract. The reference to confirm a common control mainly refers to that any single party of a joint-venture entity has no possibility to individually control the production operation of the joint-venture; any decision relating to basic operation activity of joint-venture entity all requires unanimous agreement from each party.

Significant influence equals to that investor has right to participate in making decision for finance and operational strategy of invested unit, while it has no right to control or jointly control with other parties upon formation of these strategies. As long as the Company directly or indirectly holds through its subsidiaries over 20% but less than 50% voting shares of the invested unit, then it could be called a significant influence. However, if there is obvious evidence showing that the Company is not qualified in participating in making production and operation decisions of the invested one, then no significant influence could stand up.

In situation of a long-term equity investment acquired by the Company through business combination under common control, the carrying value of the owners' equity of the acquired company as at the combination date is deemed as initial investment cost for this long-term equity investment. In situation of a long-term equity investment acquired by the Company through business combination not under common control, the combination cost is recognized according to the fair value of assets, liabilities occurred or undertaken, and equity securities issued as at the combination (purchase) date for obtaining control right over the acquired (purchased) party.

Excluding the long-term equity investment acquired through business combination, there is also a kind of long-term equity investment acquired through cash payment, for which the actual payment for the purchase shall be initial investment cost; If Long-term equity investments are acquired by issuing equity securities, fair value of issuing equity investment shall be initial investment cost; for Long-term equity investments which are invested by investors, the agreed price in investment contract or agreement shall be initial investment cost; and for long-term equity investment which is acquired through debt reorganization and non-monetary assets exchange, regulations of relevant accounting standards shall be referred to for confirming initial investment cost.

The Company adopts cost method for investment in subsidiaries and makes adjustment by equity method when preparing combined financial statement; makes calculation for investments in joint-ventures and associates by equity method; make calculation by cost method for long-term equity investment upon which the Company has no control, common control or significant influence and which have no quotation price in active market and whose fair value could not be able to measured surely; and for the long-term equity investment upon which the Company has no control, common control or significant influence while which do have quotation price in active market and whose fair value could be able to measured surely, the Company calculate it as financial asset available-for-sale.

When calculated by cost method, long-term equity investment is priced according to its initial investment cost, and cost of the investment is adjusted when making additional investment or writing off investment; When calculated by equity method, current investment gains and losses represent the proportion of the net gains and losses realized by the invested unit in current year attributable to or undertaken by the investor. When the Company is

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

believed to enjoy proportion of net gains and losses of invested unit, gains and losses attributable to the Company according to its shareholding ratio is to computer out according to the accounting policy and accounting period of the Company, on the basis of the fair value of various recognizable assets of the invested unit as at the date of obtaining of the investment, after offset of gains and losses arising from internal transactions with associates and joint-ventures, and finally to make confirmation after adjustment of net profit of the invested unit. Confirmation on gains and losses from the long-term equity investment in associates and joint-ventures held by the Company prior to the first execution day, could only stand up with the precedent condition that debit balance of equity investment straightly amortized according to its original remaining term has already been deducted, if the aforementioned balance relating to the investment do exist.

The Company switches to cost method for calculating the long-term equity investments which do not entitle the Company to have common control or significant influence over the invested units and which have no quotation in active market and whose fair value could not be able to measured surely due to decrease of investments by the Company; and also switches to cost method for calculating the long-term equity investments which entitles the Company to have conduct control over the invested units due to its additional investments; and switches to equity method for calculating the long-term equity investments which entitles the Company to conduct common control or significant influence, while no control over the invested units due to its additional investments, or the long-term equity investments which entitles the Company with no control over the invested units any longer while with common control or significant influence.

When disposing long-term equity investment, the balance between its carrying value and effective price for obtaining shall be recorded into current investment income. When disposing long-term equity investment which are calculated by equity method, the proportion originally recorded in owners' equity shall be transferred to current investment income according to relevant ratio, except for that other movements of owners' equity excluding net gains and losses of the invested units shall be recorded into owners' equity

(XIV) Investment real estate

The investment real estate of the Company includes leased houses and buildings, and is accounted value by its cost. Cost of purchased-in investment real estate consists of payment for purchase, relevant taxes and other expenditure which is attributable to the assets directly; while cost of self-built investment real estate is formed with all necessary expenditures occurred before construction completion of the assets arriving at the estimated utilization state.

Consequent measurement of investment estate shall be measured by cost method. Depreciation is provided with average service life method pursuant to the predicted service life and net rate of salvage value. The predicted service life and net rate of salvage value and annual depreciation are listed as follows:

Type	Depreciation term (year)	Predicted rate of salvage value (%)	Depreciation rate per annum (%)
Houses and buildings	30-40 years	4%-5%	2.375%-3.20%

When investment real estate turns to be used by holders, it shall switch to fixed assets or intangible assets commencing from the date of such turning. And when self-used real estate turns to be leased out for rental or additional capital, the fixed assets or intangible assets shall switch to investment real estate commencing from the date of such turning. In situation of switch, the carrying value before the switch shall be deemed as the credit value after the switch.

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

When investment is disposed, or out of utilization forever and no economic benefit would be predicted to obtain through the disposal, the Company shall terminate recognition of such investment real estate. The amount of income from disposal, transfer, discarding as scrap or damage of investment real estate after deducting the asset's carrying value and relevant taxation shall be written into current gains and losses.

(XV) Fixed assets

Fixed assets of the Company represent the tangible assets and assets package: held by the Company for purpose of producing commodities, providing labor service, leasing or operational management, service life exceeds one year, and unit price exceeds RMB 2,000. Including four categories of houses and buildings, machinery equipments, transportation equipments and other equipments

Their credit value is determined on the basis of the cost taken for obtaining them. Of which, cost of purchased-in fixed assets include bidding price and import duty and relevant taxes, and other expenditure which occurs before the fixed assets arrive at the state of predicted utilization and which could be directly attributable to the assets; while cost of self-built fixed asset is formed with all necessary expenditures occurred before construction completion of the assets arriving at the estimated utilization state; credit value of the fixed assets injected by investors is determined based on the agreed value of investment contracts or agreements, while as for the agreed value of investment contracts or agreements which is not fair, it shall take its fair value as credit value; and for fixed assets which are leased in through finance leasing, credit value is the lower of fair value of leased assets and present value of minimized leasing payment as at the commencing date of leasing.

Consequent expenditure related to fixed assets consists of expenditures for repair and update reform. For those meeting requirements for recognition of fixed assets, they would be accounted as fixed asset cost; and for the part which is replaced, recognition of its carrying value shall cease; for those not meeting requirements for recognition of fixed assets, they shall be accounted in current gains and losses as long as they occur. When fixed asset is disposed, or no economic benefit would be predicted to obtain through utilization or disposal of the asset, the Company shall terminate recognition of such fixed asset. The amount of income from disposal, transfer, discarding as scrap or damage of fixed asset after deducting the asset's carrying value and relevant taxation shall be written into current gains and losses.

The Company withdraws depreciation for all fixed assets except for those which have been fully depreciated while continuing to use. It adopts average service life method for withdrawing depreciation which is treated respectively as cost or current expense of relevant assets according to purpose of use. The depreciation term, predicted rate of salvage value and depreciation rate applied to fixed assets of the Company are as follows:

No.	Type	Depreciation term	Predicted rate of salvage value	Depreciation rate per annum
1	Houses and buildings	30-40 years	4%-5%	2.375%-3.20%
2	Mechanical equipment	10-14 years	4%-5%	6.786%-9.60%
3	Transport equipment	5-12 years	4%-5%	7.92%-19.20%
4	Other equipments	8-12 years	4%-5%	7.92%-12.00%

The Company makes re-examination on predicted service life, predicted rate of salvage value and depreciation method at each year-end. Any change will be treated as accounting

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

estimation change.

(XVI) Construction in process

Construction in process is measured with effective cost. Self-operated constructions projects are measured with direct materials, direct salaries and direct construction expense; construction projects undertaken by external are measured with the engineering payment payable; and engineering cost (income abatement) of equipment-installation projects is confirmed with consideration of value of the equipments, installation fee, and expenditure arising from trial operation of the projects. Borrowing expense and exchange gains and losses which should be capitalized are also included in cost of construction in process.

Commencing from the date when construction in process reaches condition for predicted purpose of use, the Company carries forward the estimated value of the construction to fixed assets, pursuant to engineering budget, engineering cost or effective cost, and starts depreciation withdraw from the next month. As long as procedure for completion settlement is transacted, the Company shall make adjustment to difference of original value of the fixed asset.

(XVII) Borrowing expense

Borrowing expenses include interest expense, amortization of discount or premium, auxiliary expenses and exchange difference due to borrowing in foreign currency. The borrowing expense which could be directly attributable to purchase or production of assets satisfying capitalization condition, starts capitalization when capital expenditure and borrowing expense occur and when necessary purchase or production conducted for promoting assets to reach the predicted available-for-use or available-for-sale state; and capitalization shall cease when purchased or produced assets satisfying capitalization condition have reached the predicted available-for-use or available-for-sale state. Other borrowing expense is recognized as expense during the occurrence period.

Capitalization shall be exercised for interest expense actually occurred from special borrowings in current period after deduction of the interest income arising from unutilized borrowing capital which is saved in banks or deduction of investment income obtained from temporary investment; For recognition of capitalized amount of common borrowing, it equals to the weighted average of the assets whose accumulated expense or capital disburse is more than common borrowing times capitalization rate of occupied common borrowing. Capitalization rate is determined according to weighted average interest rate of common borrowing.

Assets satisfying capitalization principle generally refer to fixed assets, investment real estate and inventories which can only arrive at predicted available-for-use and available-for-sale state after quite a long time (generally over one year) in purchase or production activities.

If abnormal interruption happens during purchase or production of assets satisfying capitalization principle and the interruption lasts over 3 months, the capitalization for the borrowing expense shall pause until the purchase or production restarts.

(XVIII) Intangible assets

The Company holds intangible assets including land use right, trademark, patent technology and non-patent technology. Intangible assets are measured according to the

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

effective costs paid for obtaining the assets. For those intangible assets purchased in by the Company, their effective cost consist of actual payment and relevant other expenditure; for the intangible assets input by investors, effective cost is determined according to the value agreed in investment contracts and agreements, while if the agreed value is not fair, then effective value is confirmed according to fair value.

Land use right is averagely amortized according to its transfer term commencing from the sate of transfer; trademark use-rights averagely amortized by 10 years; patent technology, non-patent technology and other intangible assets is averagely amortized according to the shortest of their predicted service life, beneficial term concluded by contract and effective term regulated by laws. Amortization amount is recorded in assets cost and current gains and losses relevant to beneficial objectives.

Re-examination on predicted service life and amortization method of the intangible assets which have limited service life shall be conducted at the end of each year. If changed, it would be treated as change of accounting estimation. Re-examination on predicted service life of intangible assets which have uncertain service life shall be conducted. For any evidence proving that service life of intangible assets is limited, then the service life shall be estimated and the Company shall make amortization within the predicted service life period.

(XIX) Research and development

As for expenditure for research and development, the Company classifies it into expenditure on research phase and development phase, based on nature of the expenditure and that whether the final intangible assets formed by research & development is of great uncertainty. Expenditure arising during research should be recorded in current gains and losses upon occurrence; expenditure arising during development is confirmed as intangible assets when satisfying the following conditions:

1. Completions of the intangible assets makes it available for application or sell in technology;
2. Equipped with plan to complete the intangible asset and apply or sell it;
3. There is market for products produced with this intangible assets or the intangible asset itself;
4. Have sufficient technology, financial resource and other resources to support development of the intangible assets, and have ability to apply or sell the assets;
5. Expenditure attributable to development of the intangible assets could be reliable measured.

Expenditure arising during development not satisfying the above conditions shall be recorded in current gains and losses upon occurrence. Development expenditure which had been recorded in gains and losses in previous period would not be recognized as assets in later period. Expenditure arising during development phase which has been starting capitalization is listed in balance sheet as development expenditure, and transferred to intangible assets since the project reaches at predicted utilization state.

(XX) Impairment of non-financial long-term assets

As at each balance sheet date, the Company has inspection on long-term equity investment, fixed assets, construction in process and intangible assets with limited service life. When the following indications appear, assets may be impaired, and the Company would have impairment test. As for goodwill and intangible assets which have uncertain service life, no matter there is impairment or not, impairment test shall be conducted at the end of every year. If it is hard to make test on recoverable amount of single asset, test is expected to make on the basis of the assets group or assets group portfolio where such asset belongs to.

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

After impairment test, if the carrying value exceeds the recoverable amount of the asset, the balance is recognized as impairment loss. As long as impairment loss of the aforementioned assets is recognized, it couldn't be switched back in later accounting periods. Recoverable amount of assets refers to the higher of fair value of assets net disposal expense and present value of predicted cash flow of the asset.

Indications for impairment are as follows:

1. Market value of asset drops a lot in current period, the drop scope is obviously greater than the predicted drop due to move-on of times or normal utilization;
2. Economy, technology or law environment where enterprise operates or market where asset is located will have significant change in current or recent periods, which brings negative influence to enterprise;
3. Market interest rate or returning rate of other market investments have risen in current period, which brings influence in calculating discount rate of present value of predicted future cash flow of assets, which leads to a great drop in recoverable amount of such assets;
4. Evidence proving that asset is obsolete and out of time or its entity has been damaged;
5. Asset has been or will be keep aside, terminating utilization or disposed advance;
6. Internal report of enterprise shows that economic performance of asset has been or will be lower than prediction, such as that net cash flow created by asset or operation profit (or loss) realized by asset is greatly lower (or higher) than the predicted amount;
7. Other indications showing possible impairment of assets

(XXI) Goodwill

Goodwill represents balance between equity investment cost or business combination cost under no common control exceeding the attributable part or fair value of recognizable net assets of party invested or purchased (obtained through business combination) as of acquisition day or purchase day.

Goodwill relating to subsidiaries is separately listed in consolidated financial statement. And goodwill relating to associates and joint-ventures is included in carrying value of long-term equity investment.

(XXII) Long-term deferred expenses

Long-term deferred expenses of the Company refer to the expense which has been paid out while should be amortized from the current period and periods thereafter, with amortization term over 1 year (excluding 1 year). Such expense is averagely amortized during the beneficial period. If such long-term deferred expense could not bring benefit to following accounting periods, the unamortized value of the item shall be fully transferred to current gains and losses.

(XXIII) Staff remuneration

The Company recognizes staff remuneration payable as liabilities during the accounting period when staff provide services, and records it to relevant assets cost and expense based on beneficial objectives of services provided by staff. Compensation for dismiss labor relationship with employee shall be recorded in current gains and losses.

Staff remuneration principally includes salary, bonus, allowance, subsidy, welfare, social insurance, housing public fund, labor union fee and special charge for education, etc, and expenditure relevant to obtaining services provided by employee.

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

The early retirement policy for staff and workers of the Company is the compensation for encouraging staff and workers to accept the reduction voluntarily. The employees make applications voluntarily, the two parties sign the compensation agreement after approved by the Company and calculate the compensation amount according to the compensation standard passed by the staff representative conference, and the Company confirms it as dismiss welfare and reckons it in current profits and losses. As the Company promises to adjust the treatment for early retiring staff and workers with the increase of social basic cost of living allowances, the discount elements will not be considered for calculating the dismiss welfare.

(XXIV) Accrual liabilities

If the business in connection with such contingencies as a security involving a foreign party, commercial acceptance bill discount, pending litigation or arbitration, product quality assurance, etc. meets all of the following conditions, the Company will confirm the aforesaid as liabilities: the obligation is an existing obligation of the Company; performance of the obligation is likely to cause economic benefits to flow out of the enterprise; the amount of the obligation is reliably measurable.

(XXV) Principle of recognition of revenue

The Company's sales revenue is mainly comprised of revenue from sale of goods, labor providing income and revenue from assignment of asset use rights. The principle of recognition of such revenue is as follows:

(1) Revenue from the sale of goods shall be recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow into the Company; and the associated costs incurred or to be incurred can be measured reliably.

(2) The Company confirms the realization of service income when the gross income and total cost of labor service can be unfailingly calculated, the economic benefits related to labor service are likely to flow into the Group, and the progress of labor service can be confirmed reliably. On balance sheet date, with regard to those with results provided for labor service transactions can be estimated reliably, confirm the relevant service income according to percentage of completion method and determine the percentage-of-completion method by the proportion of the occurred cost in the estimated total cost; as for those with results provided for labor service transactions can't be estimated reliably and with occurred labor cost predicted to be able to get compensation, confirm to provide service income according to labor cost amount occurred and capable of getting compensation, and carry over the occurred labor costs; for those with results provided for labor service transactions can't be estimated reliably and with occurred labor cost predicted to be not able to get compensation, reckon the occurred labor cost in the current profits and losses, but not confirm to provide service income.

(3) The economy benefit of use-right of transfer assets probably wills inflow to the Company, if the income can be measure accountability, than use-right income of transfer assets recognized.

(XXVI) Government subsidies

Government subsidy at the Company be able to meet its attached conditions, and can be confirmed when received. Government grants (such as subsidy for energy-saving and civil-beneficial of air-conditioner) for monetary assets, in accordance with the measurement of

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

the amount actually received, according to a fixed quota for the allocation of the grant criteria, in accordance with the amount of accounts receivable measurement; government subsidies for non-monetary assets, in accordance with the fair value, fair value should not reliably achieved, in accordance with the notional amount (RMB 1.00) measurement.

Asset-related government grants recognized as deferred income, and average life of related assets included in the current profit and loss distribution. With the proceeds of the relevant government subsidies to compensate for the period after the relevant costs or losses recognized as deferred income and, while recognizing the associated costs included in current period profit and loss; for compensation related costs that have occurred or loss, directly gains and losses included in the current period.

(XXVII) Deferred Income Tax Assets and Deferred Income Tax Liabilities

A deferred tax asset and deferred tax liability shall be determined by a difference (temporary difference) between the carrying amount of an asset or liability and its tax base. The deferred tax asset shall be recognized for the carry forward of unused deductible losses and tax credits to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized. At the balance sheet date, deferred tax assets and deferred tax liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

The Company shall recognize the corresponding deferred tax asset for deductible temporary differences as no higher than the taxable profits that will be available in the future, against which the temporary difference can be utilized. The Company shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profits will be available in future periods to allow the benefit of the deferred tax asset to be utilized. Any such reduction in amount shall be reversed to the extent that it becomes probable that sufficient taxable profits will be available.

(XXVIII) Lease

The Company categorizes the lease into the financial lease and the operating lease.

The financial lease is the lease in which all risks and returns related to the ownership of assets are transferred in substance. The Company as a lease holder, on the date of lease, the financial lease is recognized as the fixed asset at lower cost of fair value of the rental asset and the NPV of minimum payment of leasing. The minimum payment of leasing is recognized as long-term payable and the difference is accounted into unrecognized financing expense.

The operating lease is the lease apart from the financial lease. The Company, as a lease holder, accounts the rents into current period by straight line method during the term of the lease. The Company, as a leaser, accounts the rental income into current period by straight line method during the term of the lease.

(XXIX) Income tax accounting

The Company accounted the income tax in a method of debit in balance sheet. The income tax expenses include income tax in the current year and deferred income tax. The income tax associated with the events and transactions directly included in the owners' equity shall be included in the owners' equity; and the deferred income tax derived from business combination shall be included in the carrying amount of goodwill, except for that above, the income tax expense shall be included in the profit or loss in the current period.

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

The income tax expense in the current year refers to the tax payable, which is calculated according to the tax laws on the events and transactions incurred in the current period. The deferred income tax refers to the difference between the carrying amount and the deferred tax assets and deferred tax liabilities at the year-end recognized in the method of debit in the balance sheet.

(XXX). Segment information

Business segment was the major reporting form of the Company, which divided into 4 parts: air-conditioner, refrigerator and freezer, washing machine and others. The transfer price among the segments will recognize based on the market price, common costs will allocated by income proportion between segments except for the parts that without reasonable allocation.

(XXXI)Explanation on significant accounting estimation

The management of the Company needs to apply estimation and assumption when preparing financial statement which will affect the application of accounting policy and amounts of assets, liabilities, income and expense. The actual condition may differ from the estimation. Constant evaluation is conducted by the management in respect of the key assumption involved in the estimation and judgment of uncertainties. Effect resulting from change of accounting estimation is recognized in the period the change occurs and future periods.

The following accounting estimation and key assumption may result in material adjustment to the book value of assets and liabilities in future period.

1. Inventory impairment provision

The Company provides impairment provision according to the type of finished products and goods delivered under fixed proportion. If the actual selling price or expense differs from the previous estimation, the management will make corresponding adjustment to the proportion. The estimation results based on existing experiences may differ from the latter actual results, which may result in adjustment to the book value of inventories in the balance sheet and affect over the gains and losses of the period when the estimation changes.

2. Accounting estimation on long-term assets impairment provision

The Company makes impairment test on fixed assets such as buildings, machine and equipments which have impairment indication and long-term assets such as goodwill as at the balance sheet date. The recoverable amount of relevant assets and assets group shall be the present value of the projected future cash flow which shall be calculated with accounting estimation.

If the management amends the gross profit margin and discount rate adopted in calculation of future cash flow of assets and assets group and the amended gross profit margin is lower than the currently adopted one or the amended discount rate is higher than the currently adopted one, the Company needs to increase provision of impairment provision. If the actual gross profit margin is higher (or the discount rate is lower) than the estimation of management, the Company can not transfer back the long term assets impairment provision provided already.

3. Accounting estimation on realization of deferred income tax assets

Estimation on deferred income tax assets needs estimation on the taxable income and applicable tax rate for each future year. Realization of deferred income tax assets depends on whether a company is able to obtain sufficient taxable income in future. Change of future tax rate and switch back of temporary difference could affect the balance of income tax expense

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

(gains) and deferred income tax. Change of the aforesaid estimation may result in material adjustment to deferred income tax.

4. Usable term and residual value rate of fixed assets and intangible assets

The Company, at least at the end of each accounting year, reviews the projected usable life and residual value rate of fixed assets and intangible assets. The projected usable life and residual value rate are determined by the management based on the historical experiences of similar assets by reference to the estimation generally used by the same industry with consideration on projected technical upgrade. If material change occurs to previous estimation, the Company shall accordingly adjust the depreciation expenses and amortization expenses for future period.

5. Accrual liabilities arising from product quality guarantee

The Company commits to repair the major spare parts of refrigerators sold through go-to-countryside promotion activity for free for ten years. As to the maintenance expenses that may be increased arising from such commitment, the Company has provided projected liabilities.

Taking into account the various uncertainties during the ten years, the Company considers no discount factor of such projected liabilities. In stead, the Company reviews the parameters (probability, proportion, maintenance expense per single set) based on the actual occurrence of maintenance expenses as of each balance sheet date. If obvious change is found, the Company will adjust the projected liabilities according to the latest parameters so as to reflect the best estimation.

III. Changes of accounting policies and accounting estimates and correction of previous errors

(I) Changes of accounting policies and effects: Nil

(II) Contents and reasons of changes of accounting estimates: Nil

(III) Correction of previous errors and effect: Nil

IV. Taxations

(I) Major taxes (expenses) and tax rates

Tax(expenses)	Tax base	Tax rate
VAT	Income from sales of goods and from processing	17%
Business tax	Rental income and off-price expense	5%
Urban maintenance and construction tax	Turnover tax	5% or 7%
Education surcharge	Turnover tax	3%
Local education surcharge	Turnover tax	2%
Corporate income tax	Taxable income	15% or 25%
House Property Tax	Original Book value of house property×(1-30%)or annual rent income	1.2% or 12%
Land use tax	Actual land area used	RMB 2.5/M ² to RMB 7 /M ²

(II) Preferential tax and approval documents

1. Tax preference of enterprise income tax

The Company and its subsidiary Zhongke Meiling Cryogenics Technology Limited

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 30 June 2013

(Unless otherwise specified, RMB for record in the Statement)

Company were recognized as second Hi-Tech Enterprise for year of 2008 in Anhui Province with term of three years. Therefore, the Company and its subsidiary Zhongke Meiling Cryogenics Technology Limited Company enjoys 15% rate for the income tax for State Hi-Tech Enterprise. On 26 September 2011, being recognized by “Name Lists of First Hi-Tech Enterprise for year of 2011 in Anhui Province”[WGQR(2011) No. 10] from Anhui Science & Technology Department, the Company and its subsidiary Zhongke Meiling Cryogenics Technology Limited Company continuous to enjoy 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

Subsidiary Zhongshan Changhong Appliance Co., Ltd. was recognized as First Hi-Tech Enterprise for year of 2008 in Guangdong Province with 15% rate for the income tax for State Hi-Tech Enterprise enjoys for term of three years. On 13 October 2011, being recognized by “Name Lists of Second Hi-Tech Enterprise for year of 2011 in Guangdong Province”[YKHGZi(2011) No.1437] from Guangdong Science & Technology Department, Zhongshan Changhong Appliance Co., Ltd. continuous to enjoy 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

Subsidiary Sichuan Changhong Air Conditioner Co., Ltd. was granted the “Certificate of High-tech Enterprise” (certificate No.: GR201051000154) with a maturity of three years on 28 May 2012. Being approved and file by First Branch of Local Tax Bureau of Mianyang City, Sichuan Changhong Air Conditioner Co., Ltd. was subject to enterprise income tax at a rate of 15%.

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2011 to 31 December 2011

(Unless otherwise specified, RMB for record in the statement)

v. Business combination and consolidated financial statements

(I) Subsidiary

Name	Type	Register place	Business nature	Registered capital (10 thousand Yuan)	Amount actually invested at period-end (10 thousand Yuan)	Balance of other items materially forming net investment to subsidiary	Holding proportion (%)	Voting right proportion (%)	State statements combined or not	Minority interest	Amount in minority interest used for writing down minority gain and loss	Note
1. Subsidiaries established through direct investment												
(1) Sub- subsidiary												
Zhongke Meiling Cryogenic Technology Co., Ltd. (1)	Limited Company	Hefei	Manufacturing and sales	6,000.00	4,200.00		70.00	70.00	Yes	23,760,394.44		
Jiangxi Meiling Refrigeration Co., Ltd.(2)	Limited Company	Jingde Town	Manufacturing and sales	4,000.00	4,500.00		90.00	100.00	Yes			
Mianyang Meiling Refrigeration Co., Ltd.(3)	Limited Company	Mianyang	Manufacturing and sales	5,000.00	9,500.00		90.00	100.00	Yes			
Hefei Meiling Appliance Marketing Co., Ltd.(4)	Limited Company	Hefei	Sales	5,500.00	5,490.00		99.82	100.00	Yes			
Jiangxi Meiling Appliance Co., Ltd.(5)	Limited Company	Jingde Town	Manufacturing and sales	5,000.00	7,900.00		98.75	100.00	Yes			
(2) 3rd Sub-Subsidiary												
Changhong Ruba Trading Company (Private) Limited(6)	Limited Company	Pakistan	Sales	\$300.00	\$180.00		60.00	60.00	Yes	4,816,325.15	1,845,903.27	
Xinxiang Meiling Appliance Marketing Co., Ltd. (7)	Limited Company	Xinxiang	Sales	350.00	206.50		59.00	59.00	Yes	104,926.83	1,330,073.17	

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2011 to 31 December 2011

(Unless otherwise specified, RMB for record in the statement)

Name	Type	Register place	Business nature	Registered capital (10 thousand Yuan)	Amount actually invested at period-end (10 thousand Yuan)	Balance of other items materially forming net investment to subsidiary	Holding proportion (%)	Voting right proportion (%)	State-ments combined or not	Minority interest	Amount in minority interest used for writing down minority gain and loss	Note
Luohe Meiling Appliance Marketing Co., Ltd.(8)	Limited Company	Luohe	Sales	500.00	343.49		64.00	64.00	Yes	1,821,747.91	-	
Wuhu Meiling Appliance Marketing Co., Ltd.(9)	Limited Company	Wuhu	Sales	600.00	216.00		36.00	36.00	Yes	-265,564.21	4,105,564.21	
Changchun Meiling Appliance Marketing Co., Ltd.(10)	Limited Company	Changchun	Sales	300.00	291.00		97.00	97.00	Yes	-153,242.30	243,242.30	
Bengbu Meiling Appliance Marketing Co., Ltd.(11)	Limited Company	Bengbu	Sales	300.00	255.00		85.00	85.00	Yes	351,135.53	98,864.47	
Hengyang Meiling Appliance Marketing Co., Ltd.(12)	Limited Company	Hengyang	Sales	300.00	123.00		41.00	41.00	Yes	-1,328,913.56	3,098,913.56	
Nanchang Meiling Appliance Marketing Co., Ltd.(13)	Limited Company	Nanchang	Sales	300.00	108.00		36.00	36.00	Yes	-5,733,764.78	7,653,764.78	
Liu'an Meiling Appliance Marketing Co., Ltd.(14)	Limited Company	Liu'an	Sales	500.00	180.00		36.00	36.00	Yes	2,973,197.36	226,802.64	
Jingzhou Meiling Appliance Marketing Co., Ltd.(15)	Limited Company	Jingzhou	Sales	400.00	240.00		60.00	60.00	Yes	-323,766.71	1,923,766.71	
Shensheng Meiling Appliance Marketing Co., Ltd.(16)	Limited Company	Shenyang	Sales	300.00	284.40		94.80	94.80	Yes	-383,173.35	539,173.35	

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2011 to 31 December 2011

(Unless otherwise specified, RMB for record in the statement)

Name	Type	Register place	Business nature	Registered capital (10 thousand Yuan)	Amount actually invested at period-end (10 thousand Yuan)	Balance of other items materially forming net investment to subsidiary	Holding proportion (%)	Voting right proportion (%)	State-ments combined or not	Minority interest	Amount in minority interest used for writing down minority gain and loss	Note
Wuhan Meiling Appliance Marketing Co., Ltd.(17)	Limited Company	Wuhan	Sales	500.00	455.00		91.00	91.00	Yes	-143,557.24	593,557.24	
Zhenzhou Meiling Appliance Marketing Co., Ltd.(18)	Limited Company	Zhengzhou	Sales	300.00	108.00		36.00	36.00	Yes	-2,979,701.70	4,899,701.70	
Shijiazhuang Meiling Appliance Marketing Co., Ltd. (19)	Limited Company	Shijiazhuang	Sales	300.00	108.00		36.00	36.00	Yes	103,141.94	1,816,858.06	
Mianyang Meiling Appliance Marketing Co., Ltd.(20)	Limited Company	Mianyang	Sales	500.00	425.00		85.00	85.00	Yes	1,834,385.71	-	
Chengdu Meiling Appliance Marketing Co., Ltd.(21)	Limited Company	Chengdu	Sales	500.00	417.00		83.40	83.40	Yes	-2,477,090.82	3,307,090.82	
Guiyang Meiling Appliance Marketing Co., Ltd.(22)	Limited Company	Guiyang	Sales	300.00	78.00		26.00	26.00	Yes	614,963.80	1,605,036.20	
Fuzhou Meiling Appliance Marketing Co., Ltd.(23)	Limited Company	Fuzhou	Sales	300.00	297.00		99.00	99.00	Yes	-49,785.87	79,785.87	
Nanjing Meiling Appliance Marketing Co., Ltd.(24)	Limited Company	Nanjing	Sales	300.00	297.00		99.00	99.00	Yes	-148,411.22	178,411.22	
Hefei Meiling White Goods Marketing Co., Ltd(25)	Limited Company	Hefei	Sales	600.00	510.00		85.00	85.00	Yes	-417,770.32	1,317,770.32	

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2011 to 31 December 2011

(Unless otherwise specified, RMB for record in the statement)

Name	Type	Register place	Business nature	Registered capital (10 thousand Yuan)	Amount actually invested at period-end (10 thousand Yuan)	Balance of other items materially forming net investment to subsidiary	Holding proportion (%)	Voting right proportion (%)	State statements combined or not	Minority interest	Amount in minority interest used for writing down minority gain and loss	Note
Taiyuan Meiling Appliance Marketing Co., Ltd.(26)	Limited Company	Taiyuan	Sales	400.00	159.00		39.75	39.75	Yes	429,997.09	1,980,002.91	
Changsha Meiling Appliance Marketing Co., Ltd.(27)	Limited Company	Changsha	Sales	500.00	180.00		36.00	36.00	Yes	-691,248.80	3,891,248.80	
Hohhot Meiling Appliance Marketing Co., Ltd.(28)	Limited Company	Hohhot	Sales	300.00	165.00		55.00	55.00	Yes	355,992.48	994,007.52	
Hanzhou Meiling Appliance Marketing Co., Ltd.(29)	Limited Company	Hanzhou	Sales	300.00	265.50		88.50	88.50	Yes	-1,063,128.37	1,408,128.37	
Chongqing Meiling Appliance Marketing Co., Ltd.(30)	Limited Company	Chongqing	Sales	300.00	255.00		85.00	85.00	Yes	-369,729.48	819,729.48	
Kunming Meiling Appliance Marketing Co., Ltd.(31)	Limited Company	Kunming	Sales	300.00	139.50		46.50	46.50	Yes	-681,449.32	2,286,449.32	
Shanghai Meiling Appliance Marketing Co., Ltd.(32)	Limited Company	Shanghai	Sales	300.00	297.00		99.00	99.00	Yes	-88,696.36	118,696.36	
Nantong Meiling Appliance Marketing Co., Ltd.(33)	Limited Company	Nantong	Sales	300.00	174.00		58.00	58.00	Yes	-2,264,379.77	3,524,379.77	
Neijiang Meiling Appliance Marketing Co., Ltd.(34)	Limited Company	Neijiang	Sales	300.00	264.00		88.00	88.00	Yes	492,542.32	-	

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2011 to 31 December 2011

(Unless otherwise specified, RMB for record in the statement)

Name	Type	Register place	Business nature	Registered capital (10 thousand Yuan)	Amount actually invested at period-end (10 thousand Yuan)	Balance of other items materially forming net investment to subsidiary	Holding proportion (%)	Voting right proportion (%)	State ments combined or not	Minority interest	Amount in minority interest used for writing down minority gain and loss	Note
Tianjin Meiling Appliance Marketing Co., Ltd.(35)	Limited Company	Tianjin	Sales	300.00	256.50		85.50	85.50	Yes	-314,489.96	749,489.96	
Urumqi Meiling Appliance Marketing Co., Ltd.公司(36)	Limited Company	Urumchi	Sales	500.00	450.00		90.00	90.00	Yes	427,709.80	-	
Harbin Meiling Appliance Marketing Co., Ltd.(37)	Limited Company	Harbin	Sales	300.00	108.00		36.00	36.00	Yes	-2,961,708.79	4,881,708.79	
Beijing Meiling Appliance Marketing Co., Ltd.(38)	Limited Company	Beijing	Sales	300.00	297.00		99.00	99.00	Yes	-109,460.86	139,460.86	
Lanzhou Meiling Appliance Marketing Co., Ltd.(39)	Limited Company	Lanzhou	Sales	300.00	121.50		40.50	40.50	Yes	2,772,646.09	-	
Xi'an Meiling Appliance Marketing Co., Ltd.(40)	Limited Company	Xi'an	Sales	300.00	183.00		61.00	61.00	Yes	-377,404.19	1,547,404.19	
Guangzhou Meiling Appliance Marketing Co., Ltd.(41)	Limited Company	Guangzhou	Sales	500.00	430.00		86.00	86.00	Yes	-1,456,436.82	2,156,436.82	
Jinan Meiling Appliance Marketing Co., Ltd.(42)	Limited Company	Jinan	Sales	300.00	108.00		36.00	36.00	Yes	-1,651,560.38	3,571,560.38	

2. Subsidiaries obtained through business combination under the same control

(1) Sub- Subsidiary

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2011 to 31 December 2011

(Unless otherwise specified, RMB for record in the statement)

Name	Type	Register place	Business nature	Registered capital (10 thousand Yuan)	Amount actually invested at period-end (10 thousand Yuan)	Balance of other items materially forming net investment to subsidiary	Holding proportion (%)	Voting right proportion (%)	State ments combined or not	Minority interest	Amount in minority interest used for writing down minority gain and loss	Note
Sichuan Changhong Air Conditioner Co., Ltd.(43)	Limited Company	Mianyan g	Manufacturing and sales	20,000.00	30,560.00		100.00	100.00	Yes			
Zhongshan Changhong Appliance Co., Ltd.(44)	Limited Company	Zhongsha n	Manufacturing and sales	8,000.00	7,625.00		90.00	100.00	Yes			

3. Subsidiaries obtained through business combination under the different control

(1) Sub- Subsidiary

Hefei Meiling Group Holding Co., Ltd.(45)	Limited Company	Hefei	Holding company	8,000.00	11,363.00		100.00	100.00	Yes			
---	-----------------	-------	-----------------	----------	-----------	--	--------	--------	-----	--	--	--

(2) 3rd Sub-subsubsidiary

Meiling Equator Appliance (Hefei) Co., Ltd (46)	Limited Company	Hefei	Manufacturing and sales	2,479.31	1,859.49		100.00	100.00	Yes			
Hefei Equator Appliance Co., Ltd (47)	Limited Company	Hefei	Manufacturing and sales	1,200.00	867.06		100.00	100.00	Yes			
Hefei Meiling Nonferrous Metal Products Co., Ltd (48)	Limited Company	Hefei	Manufacturing and sales	2,428.68	2,199.64		100.00	100.00	Yes			
Hefei Meiling Precision Tube Co., Ltd. (49)	Limited Company	Hefei	Manufacturing and sales	100.00	80.00		100.00	100.00	Yes			
Hefei Meiling Packing Products Co., Ltd.(50)	Limited Company	Hefei	Manufacturing and sales	1,740.00	952.00		51.72	100.00	Yes			

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2011 to 31 December 2011

(Unless otherwise specified, RMB for record in the statement)

Name	Type	Register place	Business nature	Registered capital (10 thousand Yuan)	Amount actually invested at period-end (10 thousand Yuan)	Balance of other items materially forming net investment to subsidiary	Holding proportion (%)	Voting right proportion (%)	State ments combined or not	Minority interest	Amount in minority interest used for writing down minority gain and loss	Note
Hefei Meiling Environment-friendly Package Materials Co., Ltd. (51)	Limited Company	Hefei	Manufacturing and sales	80.00	64.00		100.00	100.00	Yes			
Hefei Meiling Appliance Industry&Commerce Co., Ltd. (52)	Limited Company	Hefei	Sales	500.00	300.00		100.00	100.00	Yes			
Hefei Maston Appliance Co., Ltd (53)	Limited Company	Hefei	Sales	398.00	485.97		100.00	100.00	Yes			
Chaohu Meiling Appliance Marketing Co., Ltd.(54)	Limited Company	Chaohu	Sales	500.00	254.75		50.00	50.00	Yes	4,037,390.92		

Note: "Investment amount at period-end" and "holding proportion" listed above refers to the amount and shares that directly invested and held by the parent company of the above said company;" Voting right proportion" refers to the total of proportion hold directly and indirectly by the Company. Vary shareholders have responsibility to take the excess losses, regulated in Article of Association, minority equity of part of market subsidiaries was negative.

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

(1) Zhongke Meiling Cryogenic Technology Co., Ltd. (hereinafter referred to as Zhongke Meiling Company) was established on 29 October 2002 by the company and CAS's Physical & Chemical technology Research, whose registered capital was RMB 60,000,000 including material contribution of RMB 35,573,719.70 which accounted for 70% of registered capital and cash contribution of RMB 6,426,280.30. CAS's Physical & Chemical technology Research made contributions by New mixed throttle refrigeration technology and technical License of Application research in super low temperature storage box that was appraised RMB 18,000,000 accounting for 30% of registered capital. The actual received of the register capital have been verified by verification report of [Huazheng Yanzi No.(2002) B157] issued by Huazheng CPAs Co., Ltd.

Registration No. of the Business License of Corporation Legal Person: 3401001006416; organization code: 74309835-2; Legal Representative: Li Wei; Address: Meiling Economy Development Zone, Feidong Longgang, Hefei City. Business Scope: R & D, exploitation, manufacture, sales and service of cryogenic cooling equipment and products; self-operating and agency for the import&export business of various commerce and technology.

(2) Jiangxi Meiling Refrigeration Co., Ltd. (Jingxi Meiling Refrigeration Co.), a company jointly set up by the Company and China-tech Meiling Company, was founded on Nov. 6, 2007. Its registered capital was RMB 20 million upon establishment, of which, the Company invested RMB 18,000,000, accounting for 90% of the registered capital; while China-tech Meiling Company invested RMB 2,000,000, accounting for 10% of the registered capital. On Dec. 10, 2008, Jiangxi Meiling Company increased its capital and shares, after which, its registered capital and paid-in capital were changed to RMB 40 million, including the cash investment of RMB 45 million from the Company, among which RMB 36 million was input as registered capital, accounting for 90% of the registered capital, and RMB 9 million was recorded into capital reserve of Jiangxi Meiling Company; and China-tech Meiling Company invested cash RMB 5 million, among which RMB 4 million was input as registered capital, accounting for 10% of the registered capital and RMB 1 million was recorded into capital reserve of Jiangxi Meiling Company. The procedures for registration of its change in registered capital in the Industry and Commerce Administration Bureau were completed in 2008. The above mentioned capital-increased have been verified by [Gangjingde Yanzi No.(2008) 354] issued by Jiangxi Jingde CPAs Co., Ltd. In 2011, Zhongke Meiling entered into "Equity Transfer Agreement" with Mianyang Meiling Refrigeration Co., Ltd. 10 percent equity of Jiangxi Meiling held by Zhongke Meiling was transferred to Mianyang Meiling Refrigerator. Relevant changes for Industrial and Commercial was done dated 2 November 2011.

Registration No. of the Business License of Corporation Legal Person: 360200110000441; organization code: 66748284-5; Address: No.558 Cidu Road, Jingde Town City; Legal Representative: Liao Tao; Business Scope: R & D, manufacture and sales of cooling apparatus, electronic products and other fittings.

(3) Mianyang Meiling Refrigeration Co., Ltd. (hereinafter referred to as Mianyang Meiling Company), a limited liability company jointly set up by the Company and China-tech Meiling Company, was founded on Mar. 6, 2009. Its registered capital and paid-in capital was RMB 50 million upon establishment, of which, the Company invested RMB 45 million, accounting for 90% of the registered capital; Zhongke Meiling Company invested RMB 5 million, accounting for 10% of the registered capital. The capital receipt was verified by the verification report [CXKY (2009) No. 008] of Sichuan Xingrui Certified Public Accountants. On 19 January 2011, the Company increase RMB 50 million in capital of Mianyang Meiling, paid-in capital has been verified by Capital Verification Report [XYZH/2010CDA6040] from Chengdu Branch of Shinewing CPA CO.,

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Ltd. After capital increased, register capital and paid-in capital of Mianyang Meiling amounting to RMB 100 million; of which RMB 95 million invested by the Company, a 95% of total register capital while RMB 5 million invested by Zhongke Meiling, a 5% of total capital occupied. In 2011, Zhongke Meiling entered into "Equity Transfer Agreement" with Jiangxi Meiling Refrigeration Co., Ltd. 5 percent equity of Mianyang Meiling held by Zhongke Meiling was transferred to Jiangxi Meiling Refrigerator. Relevant ownership transfer procedure changed for Industrial and Commercial has been completed on 18 November 2011.

Registration No. of the Business License of Corporation Legal Person: 510706000014939; organization code: 68610561-5; Address: No.35 Mianxing East Road, Gaoxin District, Mianyang City, Sichuan Province; Legal Representative: Liao Tao; Business Scope: R & D, manufacture and sales of cooling apparatus, electronic products and other fittings.

(4) Hefei Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Meiling Marketing Company), a limited liability company jointly set up by the Company and Mianyang Meiling Company, was founded on Oct. 21, 2009. Its registered capital and paid-in capital was RMB 10 million upon establishment, of which, the Company invested RMB 9.90 million, accounting for 99% of the registered capital, and Mianyang Meiling Company invested RMB 0.10 million, accounting for 1% of the registered capital. The registered capital receipt was verified by the verification report [WALXDYZ (2009) No. 074] of Anhui Anlian Xinda Certified Public Accountants Co., Ltd. On November 25, 2010, RMB 45 million increased by the Japan Company, the register capital came to RMB 55 million. Among which, RMB 54.9 million from the Company, account 99.82% of the register capital while RMB0.1 million from Mianyang Meiling, account 0.18% of the register capital. The above mentioned capital-increased have been verified by [Wanhuashen Zhengdakuai Yanzi No.(2010) 1514] issued by Anhui Huashen Zhengda CPAs Co., Ltd.

Registration No. of the Business License of Corporation Legal Person: 340107000030092; organization code: 69573778-8; Address: Woyun Road North, Lianhua Road East, Economy and Technology Development Zone, Hefei ; Legal Representative: Deng Xiaohui; Business Scope: Refrigeration appliances, air conditioners, washing machines, computer numerically controlled injection moulding machine, computer water heaters, plastic products, packaging materials and accessories, electronic products and accessories, general merchandise sales

(5) Jiangxi Meiling Appliance Co., Ltd.(Jiangxi Meiling Appliance Co.,) was a limited liability company jointly established by the Company and Mianyang Meiling on 23 May 2011. Register capital of the company totally as RMB 50 million, RMB 49.375 million invested by the Company, 98.75% in total register capital while RMB 0.625 million invested by Mianyang Meiling , a 1.25% in total register capital occupied. The initial investment RMB 10.50 million was received dated 13 May 2011 with RMB 10 million from the Company and RMB 0.5 million from Mianyang Meiling. Rest of the capital shall be invested fully within 2 years after the joint ventures established according to capital requirement. The initial investment capital were verified by the Capital Verification Report [JXKYZi(2011) No. 090] issued from Jingdezhen Xingci CPA Co., Ltd. Second capital RMB 39.5 million was fully funded on 28 July 2011, the Company contributed RMB 39.375 million while Mianyang Meiling Company invested RMB 125,000, the contributions have been verified by the capital verification report [Jing Xing Kuai Yan Zi (2011) No.: 134] issued from JDZ Xingci CPA Co., Ltd.

Registration No. of the Business License of Corporation Legal Person: 360200110004455; organization code: 57364516-4; Address: South part of Wutong Revenue, High-Tech Industrial

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Development District, Jingdezhen; Legal Representative: Liao Tao; Business Scope: R&D, manufacturing and sales of refrigerator and its accessories.

(6) Changhong Ruba Trading Company (Private) Limited (Changhong Ruba), was a joint-venture jointly established by Zhongshan Changhong Appliance Co., Ltd. and UAE RUBA GENERAL TRADING FZE(UAE RUBA), which has been approved in “Reply of Approval of Manufacture and sales platform jointly established in Pakistan by Zhongshan Changhong Appliance Co., Ltd.”[YFGWZ(2011) No.:958] from Guangdong Development & Reform Commission dated 5 August 2011. The company owes register capital of USD 3 million with USD 1.8 million invested from Zhongshan Changhong Appliance Co., Ltd. in cash, 60% of shares held while UAE RUBA invested USD 1.2 million with 40% shares held. The company registered in Lahore Pakistan, legal representative: Du Zhixiao; Business scope: sales of air-conditioner and other household apparatus.

(7) Xinxiang Meiling Appliance Marketing Co., Ltd. (Xinxiang Meiling) was established dated 17 May 2010 with organization code of No. 555723050; register capital amounting to RMB 3.5 million with RMB 2.065 million invested by Meiling Marketing, a 59% in total register capital; address and business office: 1#, 21/F, Tower B, Hengshen Shijia, No.6, Baojian Rd.; legal representative: Liu Xiangyang; business scope: wholesale and retails of household apparatus.

(8) Luohe Meiling Appliance Marketing Co., Ltd. (Luohe Meiling) was established dated 10 December 2010 with organization code of No. 566483064; register capital amounting to RMB 5 million with RMB 1.85 million invested by Meiling Marketing, a 37% in total register capital. In March 2013, part of the equity RMB 1.35 million was transferred by Meiling Marketing Company; capital contribution for Meiling Marketing up to RMB 3.2 million after equity transfer, a 64% in register capital; the change procedure for equity transfer of industrial and commerce has completed on 20 May 2013.

Address and business office: Middle section, Yellow Rive Rd., Yancheng District, Luohe City; legal representative: Liu Xiangyang; business scope: sales and maintenance of refrigerator machine, air-conditioner, TV set, washing machine, injection machine of computer control, digital products, computer heater, plastic products, packaging products, decorations, electronic products and accessories, daily necessities and household apparatus.

(9) Wuhu Meiling Appliance Marketing Co., Ltd.(Wuhu Meiling) was established on December 24, 2010 with organization code of No. 567508470; register capital amounting to RMB 6 million with RMB 2.16 million invested by Meiling Marketing, a 36% in total register capital; address and business office: No. 1002, Qiaohong International Commercial Town, Jinhua District, Wuhu City; Legal representative: Cui Lianbing; Business scope: sales and maintenance of household apparatus.

(10) Changchun Meiling Appliance Marketing Co., Ltd. (Changchun Meiling) was established on December 22, 2010 with organization code of No. 563926181; register capital amounting to RMB 3 million with RMB 2.91 million invested by Meiling Marketing, a 97% in total register capital; address and business office: 301 South part, No. 21, Ximinzhu Street, Chaoyang District, Changchun City; Legal representative: Tang Yiliang; Business scope: sales and maintenance of refrigerator machine, air-conditioner, TV set, washing machine, injection machine of computer control, digital products, computer heater, plastic products, packaging products, decorations, electronic products and accessories, general merchandise and household apparatus.

(11) Bengbu Meiling Appliance Marketing Co., Ltd. (Bengbu Meiling) was established on December 27, 2010 with organization code of No. 567509043; register capital amounting to RMB 3 million

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

with RMB 2.55 million invested by Meiling Marketing, a 85% in total register capital; address and business office: East Room, 16/F, East part of Office building, 9/F-18/F, New Century Plaza, No. 1028 Huihe Rd., Bengbu City; Legal representative: Cui Lianbing; Business scope: sales and maintenance of refrigerator machine, air-conditioner, TV set, washing machine, injection machine of computer control, digital products, computer heater, plastic products, packaging products, decorations, electronic products and accessories, general merchandise and household apparatus.

(12) Hengyang Meiling Appliance Marketing Co., Ltd. (Hengyang Meiling) was established on December 24, 2010 with organization code of No. 567652288; register capital amounting to RMB 3 million with RMB 1.08 million invested by Meiling Marketing, a 36% in total register capital; address and business office: No. 302, Yujia Community, Yujia Group, Jiangdong Village, Zhuhui District, Hengyang City; Legal representative: Zhu Pu; Business scope: refrigerator machine, air-conditioner, TV set, washing machine, injection machine of computer control, digital products, computer heater, plastic products, packaging products, decorations, electronic products and accessories and sales of general merchandise.

(13) Nanchang Meiling Appliance Marketing Co., Ltd. (Nanchang Meiling) was established on 5 January 2011 with organization code of No. 566294036; register capital amounting to RMB 3 million with RMB 1.08 million invested by Meiling Marketing, a 36% in total register capital; address and business office: No. 192, Gaoxin 7# Rd., Gaoxin District, Nanchang City; Legal representative: Zhu Pu; Business scope: wholesale and retails of refrigerator machine, air-conditioner, TV set, washing machine, injection machine of computer control, digital products, computer heater, plastic products, packaging products, decorations, electronic products and accessories, general merchandise and maintenance of household apparatus.

(14)Liu'an Meiling Appliance Marketing Co., Ltd. (Liu'an Meiling) was established on 13 January 2011 with organization code of No. 56753250X; register capital amounting to RMB 5 million with RMB 1.80 million invested by Meiling Marketing, a 36% in total register capital; address and business office: Management Committee Building, Jinsan Rd., Economic & Development District, Liu'an City; Legal representative: Cui Lianbing; Business scope: wholesale and retails of refrigerator machine, air-conditioner, TV set, washing machine, injection machine of computer control, digital products, computer heater, plastic products, packaging products, decorations, electronic products and accessories, general merchandise, marketing and after-sell service of household apparatus; maintenance of household apparatus.

(15)Jinzhou Meiling Appliance Marketing Co., Ltd. (Jinzhou Meiling) was established on 10 January 2011 with organization code of No. 565495194; register capital amounting to RMB 4 million with RMB 1.60 million invested by Meiling Marketing, a 40% in total register capital; address and business office:No.2, 2/F, 1# door, 13 Building, (Rongxin Garden), Beijing East Rd., Shashi District; Legal representative: Zhu Pu; Business scope: refrigerator machine, air-conditioner, TV set, washing machine, injection machine of computer control, digital products, computer heater, plastic products, packaging products, decorations, electronic products and accessories, sales of general merchandise; maintenance of household apparatus.

(16)Shenyang Meiling Appliance Marketing Co., Ltd. (Shenyang Meiling) was established on 26 January 2011 with organization code of No. 564699988; register capital amounting to RMB 3 million with RMB 2.844 million invested by Meiling Marketing, a 94.80% in total register capital; address and business office:No.30, Renao Rd., Shenhe District, Shenyang City; Legal representative: Tang Yiliang; Business scope: household apparatus, refrigerator machine, injection machine of computer control and sales of general merchandise.

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

(17)Wuhan Meiling Appliance Marketing Co., Ltd. (Wuhan Meiling) was established on 10 January 2011 with organization code of No. 565593579; register capital amounting to RMB 5 million with RMB4.55 million invested by Meiling Marketing, a 91% in total register capital; address and business office:Room 4, Room 5, 4/F, Building C, No.50 Jiefang Gongyuan Rd., Jiang'an District, Wuhan City; Legal representative: Zhu Pu; Business scope: refrigerator machine, air-conditioner, washing machine, electronic products and accessories and sales of general merchandise.

(18)Zhengzhou Meiling Appliance Marketing Co., Ltd. (Zhengzhou Meiling) was established on 17 January 2011 with organization code of No. 568607614; register capital amounting to RMB 3 million with RMB 1.08 million invested by Meiling Marketing, a 36% in total register capital; address and business office:No.11, 4/F, No.18 Chengdong Rd. East, Guancheng District, Zhengzhou City; Legal representative: Liu Xiangyang; Business scope: sales of refrigerator machine, air-conditioner, TV set, washing machine, injection machine of computer control, digital products, computer heater, plastic products, packaging products & decorations, electronic products and accessories, general merchandise and maintenance of household apparatus.

(19)Shijiazhuang Meiling Appliance Marketing Co., Ltd. (Shijiazhuang Meiling) was established on 14 January 2011 with organization code of No. 56891178X; register capital amounting to RMB3 million with RMB 1.08 million invested by Meiling Marketing, a 36% in total register capital; address and business office:No.669, Chengjiao Street South, Qiaoxi District, Shijiazhuang City; Legal representative: Tang Yiliang; Business scope: refrigerator machine, air-conditioner, TV set, washing machine, injection machine of computer control, digital products(excluding advance licese project), computer heater, plastic products(excluding medical plastic products, and advance lices project), packaging products, art & crafts products(excluding gold & silver article), electronic products and accessories, sales of general merchandise; maintenance of household apparatus(excluding items prohibited by laws, regulations and state council; for items needs approval from other department, should be operated after approval licenses obtained).

(20)Mianyang Meiling Appliance Marketing Co., Ltd. (Mianyang Meiling) was established on 27 January 2011 with organization code of No. 567642821; register capital amounting to RMB 5 million with RMB 2.6 million invested by Meiling Marketing, a 52% in total register capital. In June 2013, part of the equity RMB 1.6 million was transferred by Meiling Marketing Company; capital contribution for Meiling Marketing up to RMB 4.25 million after equity transfer, a 85% in register capital; the change procedure for equity transfor of industrial and commerce has completed on 3 June 2013.

Address and business office: Commercial & Trade Plaza, Gaoxin District, Mianyang; Legal representative: Fang Rongxin; Business scope: sales and maintenance of household apparatus, general merchandise and electronic products.

(21) Chengdu Meiling Appliance Marketing Co., Ltd. (Chengdu Meiling) was established on 26 January 2011 with organization code of No. 567191530; register capital amounting to RMB 5 million with RMB 4.07 million invested by Meiling Marketing, a 81.40% in total register capital; address and business office:No.22, Shuangfeng West Rd., Wuhou District, Chengdu City; Legal representative: Fang Rongxin; Business scope: sales of refrigerator machine, air-conditioner, household apparatus, digital products, heater, plastic products, art & crafts products, electronic products and accessories, general merchandise; maintenance of household apparatus.

(22)Guiyang Meiling Appliance Marketing Co., Ltd. (Guiyang Meiling) was established on 24

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

January 2011 with organization code of No. 569205772; register capital amounting to RMB 3 million with RMB 0.78 million invested by Meiling Marketing, a 26% in total register capital; address and business office: No.16-3, Pubu Business Building, No. 19 Yan'an West Rd., Yunyan District, Guiyang City; Legal representative: Fang Rongxin; Business scope: sales of refrigerator machine, air-conditioner, TV set, washing machine, injection machine of computer control, digital products (previously permit excluded), computer heater, plastic products, packaging products, art & crafts products, electronic products (previously permit excluded) and accessories, sales of general merchandise; maintenance of household apparatus.

(23) Fuzhou Meiling Appliance Marketing Co., Ltd. (Fuzhou Meiling) was established on 25 January 2011 with organization code of No. 569281679; register capital amounting to RMB 3 million with RMB 2.97 million invested by Meiling Marketing, a 99% in total register capital; address and business office: 05, 22/F, Jin'an Building, Jinyuan Garden, No. 328 Liuyi North Rd., Ji'an District, Fuzhou City; Legal representative: Zhu Pu; Business scope: refrigerator machine, air-conditioner, TV set, washing machine, injection machine of computer control, digital products, computer heater, plastic products, packaging products, art & crafts products, electronic products and accessories, sales of general merchandise; maintenance of household apparatus.

(24) Nanjing Meiling Appliance Marketing Co., Ltd. (Nanjing Meiling) was established on 14 February 2011 with organization code of No. 567226780; register capital amounting to RMB 3 million with RMB 2.97 million invested by Meiling Marketing, a 99% in total register capital; address and business office: 14/F, Dongheng International Business Building, No. 288 Zhongshan South Rd., Baixia District, Nanjing City; Legal representative: Fang Rongxin; Business scope: refrigerator machine, air-conditioner, TV set, washing machine, injection machine of computer control, computer heater, plastic products, packaging products and decorations, electronic products and accessories, sales of general merchandise, TV and digital products; maintenance of household apparatus.

(25) Hefei Meiling White Goods Marketing Co., Ltd. (White Goods) was established on 21 January 2011 with organization code of No. 568971344; register capital amounting to RMB 6 million with RMB 5.10 million invested by Meiling Marketing, a 85% in total register capital; address and business office: A-201, Huayi Science & Technology Park, Gaoxin District, Hefei City; Legal representative: Qin Tangzong; Business scope: refrigerator machine, air-conditioner, TV set, washing machine, digital products, computer heater, plastic products, packaging products and decorations, electronic products and accessories, sales of household apparatus and maintenance of household apparatus.

(26) Taiyuan Meiling Appliance Marketing Co., Ltd. (Taiyuan Meiling) was established on 18 January 2011 with organization code of No. 568472262; register capital amounting to RMB 4 million with RMB 1.59 million invested by Meiling Marketing, a 39.75% in total register capital; address and business office: 6/F, Hanyuan Building, Qinxian North Street, Xiaodian District, Taiyuan City; Legal representative: Tang Yiliang; Business scope: refrigerator machine, household apparatus, injection machine of computer control, digital products, plastic products, packaging products and decorations, sales of electronic products and accessories and general commodities; maintenance of household apparatus.

(27) Changsha Meiling Appliance Marketing Co., Ltd. (Changsha Meiling) was established on 26 January 2011 with organization code of No. 567688918; register capital amounting to RMB 5 million with RMB 1.80 million invested by Meiling Marketing, a 36% in total register capital; address and business office: Room 301, Oriental Ginza, No. 348 Yuanda No.1 Rd., Furong District, Changsha

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

City; Legal representative: Zhu Pu; Business scope: refrigerator machine, washing machine, injection machine of digital control, heater , plastic products, electrics outer packaging products and decorations, sales of electronic products and accessories and general commodities.

(28) Hohhot Meiling Appliance Marketing Co., Ltd. (Hohhot Meiling) was established on 21 February 2011 with organization code of No. 566949493; register capital amounting to RMB 3 million with RMB 1.65 million invested by Meiling Marketing, a 55% in total register capital; address and business office: No. 516, 4/F, Comprehensive Building, Jiangjun Garden, No. 139 Dongku Street, Xincheng District, Hohhot City; Legal representative: Tang Yiliang; Business scope: sales of refrigerator machine, electronic products, hardware and AC, air-conditioner equipment, digital products, plastic products, general commodities , packaging products and decoration materials; sales and maintenance of household apparatus.

(29) Hangzhou Meiling Appliance Marketing Co., Ltd. (Hangzhou Meiling) was established on 17 February 2011 with organization code of No. 568772548; register capital amounting to RMB 4 million with RMB 2.655 million invested by Meiling Marketing, a 88.50% in total register capital; address and business office: Room 609, 1# building, Nanbei Shangwugang, Gongshu District, Hangzhou City; Legal representative: Zhou Wenhui; Business scope: sales of household apparatus, refrigerator machine, plastic products, decoration materials, art products, electronic products, injection machine with digital control and general merchandise; maintenance of household apparatus.

(30) Chongqing Meiling Appliance Marketing Co., Ltd. (Chongqing Meiling) was established on 1 March 2011 with organization code of No. 569914835; register capital amounting to RMB 3 million with RMB 2.55 million invested by Meiling Marketing, a 85% in total register capital; address and business office: No. 105, No. 106 and No.111, Dayang Gongqiao, Shapingba District, Chongqing City; Legal representative: Fang Rongxin; Business scope: wholesale and retails of refrigerator machine, air-conditioner, TV set, washing machine, injection machine with computer control, digital products, computer heater, plastic products, packaging products and decorations, electronic products and accessories(electronic publisher excluded), general commodities (agriculture film excluded); maintenance of household apparatus.

(31) Kunming Meiling Appliance Marketing Co., Ltd. (Kunming Meiling) was established on 28 February 2011 with organization code of No. 568819406; register capital amounting to RMB 3 million with RMB 1.395 million invested by Meiling Marketing, a 46.50% in total register capital; address and business office:6/F, No. 13 Longquan Rd., Kunming City; Legal representative: Fang Rongxin; Business scope: sales of household apparatus and general commodities.

(32) Shanghai Meiling Appliance Marketing Co., Ltd. (Shanghai Meiling) was established on 9 March 2011 with organization code of No. 569647714; register capital amounting to RMB 3 million with RMB 2.97 million invested by Meiling Marketing, a 99% in total register capital; address and business office: A Room 201-9, No. 15, 152 Lane, Yanchang Rd., Shanghai City; Legal representative: Zhou Wenhui; Business scope: sales of household apparatus, machinery equipment, digital products, plastic products, craft products, packaging materials, electronic products and its accessories and general merchandise; maintenance of household apparatus.

(33) Nantong Meiling Appliance Marketing Co., Ltd. (Nantong Meiling) was established on 8 March 2011 with organization code of No. 570386216; register capital amounting to RMB 3 million with RMB 1.75 million invested by Meiling Marketing, a 58% in total register capital; address and business office: Room 2207, 1# Wangfu Building, No. 6 Renmin East Rd., Nantong City; Legal

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

representative: Zhou Wenhui; Business scope: sales and maintenance of refrigerator machine, air-conditioner, washing machine, injection machine with computer control, digital products, computer heater, plastic products, packaging products and decorations, electronic products and accessories and general commodities.

(34) Neijiang Meiling Appliance Marketing Co., Ltd. (Neijiang Meiling) was established on 8 March 2011 with organization code of No. 570707198; register capital amounting to RMB 3 million with RMB 2.4 million invested by Meiling Marketing, a 80% in total register capital. In June 2013, part of the equity RMB 240,000 was transferred by Meiling Marketing Company; capital contribution for Meiling Marketing up to RMB 2.64 million after equity transfer, a 88% in register capital; the change procedure for equity transfer of industrial and commerce has completed on 26 June 2013.

Address and business office: middle layer, No. 386 Yuxi Rd., Zhong District, Neijiang City; Legal representative: Fang Rongxin; Business scope: wholesales and retails of refrigerator machine, air-conditioner, washing machine, injection machine with computer control, computer heater, plastic products, packaging products and decorations, electronic products and accessories and general commodities; maintenance of household apparatus.

(35) Tianjin Meiling Appliance Marketing Co., Ltd. (Tianjin Meiling) was established on 2 March 2011 with organization code of No. 569324093; register capital amounting to RMB 3 million with RMB 2.565 million invested by Meiling Marketing, a 85.5% in total register capital; address and business office: middle layer, No. 3001-96, economy and development centre, No. 9 Junling Rd., Electronic Industrial Park, North Gate, Jinnan District; Legal representative: Tang Yiliang; Business scope: wholesales of household apparatus, injection machine with computer control, plastic products, packaging products, electronic products and accessories and general commodities; maintenance of household apparatus.

(36) Urumchi Meiling Appliance Marketing Co., Ltd. (Urumchi Meiling) was established on 4 March 2011 with organization code of No. 56887356-8; register capital amounting to RMB 3 million with RMB 2.7 million invested by Meiling Marketing, a 90% in total register capital; address and business office: Room 505, Yinzuo Centre, No. 196 Tianjin South Rd., Urumchi City; Legal representative: Fang Rongxin; Business scope: sales and maintenance of household apparatus, hardware and AC, electronic products and machinery equipments.

(37) Harbin Meiling Appliance Marketing Co., Ltd. (Harbin Meiling) was established on 6 April 2011 with organization code of No. 571906754; register capital amounting to RMB 3 million with RMB 1.08 million invested by Meiling Marketing, a 36% in total register capital; address and business office: No.4, Hengshan Rd., Nangang Centre District, Jinkai Zone, Harbin City; Legal representative: Tang Yiliang; Business scope: sales of household apparatus, office automation equipment, electronic equipment, packaging products and plastic products as well as relevant technology service.

(38) Beijing Meiling Appliance Marketing Co., Ltd. (Beijing Meiling) was established on 28 March 2011 with organization code of No. 573245005; register capital amounting to RMB 3 million with RMB 3.97 million invested by Meiling Marketing, a 99% in total register capital; address and business office: No.23, Xinhua West Street, Majuqiao Town, Tongzhou District, Beijing; Legal representative: Qin Tangzong; Business scope: sales of household apparatus, computer software and assistant equipments, daily grocery, electronic products, general equipments, specific equipments; maintenance of household apparatus.

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

(39)Lanzhou Meiling Appliance Marketing Co., Ltd. (Lanzhou Meiling) was established on 25 March 2011 with organization code of No. 571608108; register capital amounting to RMB 3 million with RMB 1.215 million invested by Meiling Marketing, a 40.5% in total register capital; address and business office: No. 134, Jiayuguan West Rd., Chengguan District, Lanzhou City ; Legal representative: Fang Rongxin; Business scope: retails and wholesale of refrigerator machine, air-conditioner, TV set, washing machine, injection machine of computer control, digital products, computer heater, plastic products, electronic products and accessories and general merchandise; maintenance of household apparatus.

(40)Xi'an Meiling Appliance Marketing Co., Ltd. (Xi'an Meiling) was established on 13 April 2011 with organization code of No. 570227776; register capital amounting to RMB 3 million with RMB 1.83 million invested by Meiling Marketing, a 61% in total register capital; address and business office:No.10715, 7/F, 1 Unit, #12 Building, Xinxing Junjin Garden, No. 369 Jinhua Rd., Xincheng District, Xi'an City ; Legal representative: Fang Rongxin; Business scope: sales and maintenance of refrigerator machine, air-conditioner, TV set, washing machine, injection machine of computer control, digital products, computer heater, plastic products, packaging and decorations, electronic products and accessories and general merchandise; maintenance of household apparatus.

(41)Guangzhou Meiling Appliance Marketing Co., Ltd. (Guangzhou Meiling) was established on 13 May 2011 with organization code of No. 574044061; register capital amounting to RMB 5 million with RMB 4.3 million invested by Meiling Marketing, a 86% in total register capital; address and business office: 2/F, No. 98 Tanxin Street, Dongheng Rd., Baiyun District, Guangzhou City; Legal representative: Zhu Pu; Business scope: wholesales and maintenance of refrigerator machine, electronic products and accessories, plastic injection machine, general merchandise and plastic products.

(42) Jinan Meiling Appliance Marketing Co., Ltd. (Jinan Meiling) was established on 3 June 2011 with organization code of No. 575560578; register capital amounting to RMB 5 million with RMB 1.08 million invested by Meiling Marketing, a 36% in total register capital; address and business office: No.249, Huangqiao Industry Park, Donglihe West Rd., Tianqiao District, Jinan City; Legal representative: Liu Xiangyang; Business scope: wholesales & retails and maintenance of household apparatus, electronic products and accessories; wholesales and retails of general merchandise and plastic products.

(43) Sichuan Changhong Air-conditioners Co., Ltd.(Changhong Air-conditioner for short), a limited liability company jointly set up by Sichuan Changhong and Changhong Chuangtou, was founded on November 28, 2008. Its registered capital was RMB 200 million upon establishment, of which, Sichuan Changhong invested RMB 298 million (RMB 210,088,900 invested by monetary capital while RMB 87,911,100 invested by real material), equivalent to RMB 198 million shares, accounting for 99% of the registered capital; and Changhong Chuangtou invested RMB 3 million, accounting for 1% of the registered capital with equivalent of RMB 2 million shares. The registered capital receipt was verified by the verification report [CGYYZ (2008) No. 177] of Sichuan Guangyuan Certified Public Accountants Co., Ltd. and [HLTHYZ(2008) No. 12-006] of Sichuan Henglitai Certified Public Accountants Co., Ltd. In December 2009, the Company obtained 100% equity of Changhong Air-conditioner by consolidated under the same control.

Registration No. of the Business License of Corporation Legal Person: 510706000013788;

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

organization code of No. 68236997-1; Address: No.35, Mianxing East Road, Gaoxin District, Mianyang City; Legal Representative: Li Wei; Business Scope: R&D, manufacturing, sales and after-sales services of air conditioners and parts, external processing services of spare parts, and sales of metal materials (excluding gold and silver)

(44) Zhongshan Changhong Appliance Co., Ltd.(Zhongshan Changhong for short), was the original Guangdong Changhong Electric Co., Ltd., and is a limited liability company jointly set up by Sichuan Changhong and China Minmetals on May 22, 2001. Its registered capital was RMB 80 million upon establishment, of which, Sichuan Changhong invested RMB 72 million, including RMB 69.3 million bidding for the estate/ non-estate from original Zhongshan Sanrong Air-conditioner Co., Ltd. And its patent use-right of RMB2.7 million, accounting for 90% of the registered capital; China Minmetals invested RMB 8 million in monetary capital accounting 10% of the registered capital. The Company changed its name originally from Guangdong Changhong Electric Co., Ltd in July 2003. In December 2009, the Company obtained 90% equity of Zhongshan Changhong by consolidated under same control. 10% equity held by China Minmetals has been transferred by Changhong Air-conditioner on April 11, 2010.

Registration No. of the Business License of Corporation Legal Person: 442000000290879; organization code of No. 728773292; Address: Central Nantou Avenue, Nantou Town, Zhongshan City; Legal Representative: Li Wei; Business Scope: Mainly engaged in production, processing, sale of air conditioners, refrigerator and freezer, heat pump, heater, air conditioner fan, electric fan, humidifier, electric heater and sparepart of the above mentioned products etc.

(45) Hefei Meiling Group Holding Co., Ltd (Meiling Group for short), was the state-owned company originally approved by People's Government of Hefei Province and established authorized by SASAC of Hefei City. On July 14, 2008, 100% state-owned equity of Meiling Group has freely transferred to Xingtai Holding by Hefei SASAC. Agreement by the approval of < State-owned property agreement transfer from Meiling Group> [HGZCQ(2010) No.34] of Hefei SASAC on April 9, 2010, 100% state-owned property of Meiling Group after partial assets and liabilities separated transferred to the Company from Xingtai Holding as amount of RMB 113.2 million. The re-registration of industrial and commercial procedure for Meiling Group after separated partial assets liability has finished on July 28, 2010. The new Meiling Group has register capital of RMB 80 million, and have been verified by the [AD(2010)YZD No. 016] from Anhui Anding CPAs Co., Ltd.

Registration No. of the Business License of Corporation Legal Person: 340100000010841; organization code of No.14918553-3; Address: Main plant of 2# South, Tangkou Road, Lianhua Road East, Economy&Technology Development Zone, Hefei; Legal Representative: Li Wei; Business Scope: Manufacture of washing machine, plastic products, fine welded pipe, cooling fittings, package products and decoration products; Self-produced products and raw&auxiliary materials, machinery equipment, instrument and department sales.

(46) Meiling Equator Appliance (Hefei) Co., Ltd.(Equator Appliance for short) was the sino-foreign joint venture jointly set up by original Meiling Group and EQUATOR INVESTMENTS (USA) INC.(EQUATOR for short), which have been approved by the [SWZWFZZ(2004) No.0103] of Approval Certificate of Foreign Enterprise from People's Government of Anhui Province. Its registered capital was US\$ 3 million upon establishment, of which, sino company invested US\$ 2.25 million in machinery equipment, accounting 75% of the registered capital while foreign company invested US\$ 0.5 million in monetary capital and US\$ 0.25 million in intangible assets, amounting to US\$0.75 million, accounting 25% of the registered capital. The above mentioned

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

investment verified by the verification report of [WYAYZ (2004) No. 135] from Anhui Yongan CPAs Co., Ltd. In July 2007, approved by [HWJ(2007) No.136] from Foreign Trade Economic Cooperation Bureau of Hefei City, 25% equity held by EQUATOR transferred to Anhui Meiling Electric Co., Ltd. Totally. The Company's register capital came into RMB 24,793,200 after transference, and was not the joint-venture any more. 25% equity owned by Anhui Meiling Electric Co., Ltd has been transferred totally to original Meiling Group in July 2009.

Registration No. of the Business License of Corporation Legal Person: 340100000004040; organization code of No. 76082307-7; Address: Meiling Industry Zone, Development Zone, Feidong Xinchang, Hefei City; Legal Representative: Huang Danian; Business Scope: Research, manufacture and sales of Roller washing machine, wave automatically washing machine, wave double-tube washing machine and other appliance; Manufactures and sales of the controller and matching line of refrigerator, washing machine, air-conditioner and other household appliance

(47) Hefei Equator Apparatus Co., Ltd.(EquatorApparatus for short) was jointly set up by original Meiling Group and Yingkaite Appliance on September 26, 2007. Its register capital was RMB 12 million, among which, original Meiling Group invested RMB 8,670,600 in monetary capital, accounting 72.255% in registered capital; Equator Appliance invested RMB 3,329,400 in the assessment value of intangible assets (land-use right), accounting 27.745% of total registered capital. The investment being verified by [WYAZ(2004) No. 135] from Anhui Yongan CPAs Co., Ltd.

Registration No. of the Business License of Corporation Legal Person: 340122000001532; organization code of No. 66624534-6; Address: (No.15 Jinyang Road) Meiling Industrial Zone, Development Zone, Feidong Xinchang, Hefei City; Legal Representative: Liu Shiqun; Business Scope: Manufacture and operation on cooling appliance, washing machine and plastic products; operational of the self-produced products on raw&auxiliary materials as well as import&export business(projects limited by the national excluded)

(48) Meiling Non-ferrous Metal Products Co., Ltd. (Non-ferrous Metal for short) was the sino-foreign joint venture jointly set up by original Meiling Group, Hefei Meiling Copper Co., Ltd. And Singapore Kim Shin Development Co., Ltd., which have been originally approved by the [WJMWFZZ(1996) No.349] of Foreign Trade and Economic Committee of Anhui Province. Its registered capital was US\$ 2.92 million upon establishment, of which, original Meiling Group invested US\$ 1.46 million (monetary capital), accounting 50% of the registered capital, Hefei Meiling Copper Co., Ltd invested US\$ 0.584 million (monetary capital of RMB 0.18 million and real assets of US\$ 0.404 million), accounting 20% of registered capital while Singapore Kim Shin Development Co., Ltd invested US\$ 0.876 million (monetary capital), accounting 30% of the registered capital. The above mentioned investment verified by the verification report of [HSWZ(1995) No. 0737], [HSWZ(1996) No. 328] and [HSWZ(1998) No. 088] from Anhui CPAs Co., Ltd. In July 2008, approved by [HWS(2008) No.53] from Foreign Trade Economic Cooperation Bureau of Hefei City, 30% equity and 20% equity held by Singapore Kim Shin Development Co., Ltd and Hefei Meiling Copper Co., Ltd respectively transferred to original Meiling Group Totally. The Company's register capital came into RMB 24,286,808.00 after transference, and was not the joint-venture any more.

Registration No. of the Business License of Corporation Legal Person: 340100000111925; organization code of No.14911702-0; Address: Meiling Industrial Zone, Changjiang East Road,Hefei City; Legal Representative: Huang Danian; Business Scope: Manufacture and sales various copper tube, line materials and other metal products

(49) Hefei Meiling Precision Tube Co., Ltd. (Precision Tube for short) was set up in March 2004 with

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

RMB one million register capitals. Among which, the original Meiling Group invested RMB0.8 million in monetary capital accounting 80% of register capital while Anhui Meiling Electric Co., Ltd. Invested RMB 0.2 million in monetary capital accounting 20% of register capital. The investment being verified by [WYAYZ(2004) No. 041] from Anhui Yongan CPAs Co., Ltd. 20% equity owned by Meiling Electric have been transferred totally to original Meiling Group on August 20, 2009.

Registration No. of the Business License of Corporation Legal Person: 340122000010759; organization code of No.75854571-7; Address: Meiling Industry Zone, Development Zone, Feidong Xinchang, Hefei City; Legal Representative: Wu Yong; Business Scope: Manufacture and sales of fine welded pipe and cooling fittings.

(50) Hefei Meiling Package Products Co., Ltd(Package Products for short) was the sino-foreign joint venture jointly set up by Hefei Paper Box Plant, original Meiling Group and Singapore Anda Development Co., Ltd in December 1993, which approved by [HWJZ(1993) No. 0444] of Foreign Trade and Economic Committee of Hefei City with its register capital of US\$ 3.067 million. The register capital while established have been verified by [HKHY(1995) No. 5] from original Hefei CPAs Co., Ltd. On December 30, 2002, being approved by [HWJ(2002) No. 259] of foreign trade Economic Cooperation Bureau of Hefei City, 48.28% equity owned by Hefei Paper Box Plant transferred to the Company. On 17 June 2005, twenty-five percent equity owned by Singapore Anda Development Co., Ltd transferred to original Meiling Group freely by one-time. The Company turned into domestic-capital enterprise from foreign-capital enterprise with changed registered capital of RMB 18.4 million. The re-register of register capital being verified by [WCQYZ(2005) No. 256] from Anhui CHengqin CPAs Co., Ltd. After equity transferred, the Company invested RMB 8.88 million accounting 48.28% in register capital while Meiling Group invested RMB9.52 million with 51.72% in register capital.

Registration No. of the Business License of Corporation Legal Person: 3401001007135; organization code of No.61030893-4; Address: Meiling Industry Zone,Dong twenty bu, Hefei City; Legal Representative: Huang Danian; Business Scope: Manufacture and sales of corrugated board, paper boxes, paper element, EPS, foam package materials and aluminium foil sealing tape.

(51) Hefei Meiling Environment-friendly Package Materials Co., Ltd. (Environment-friendly Package for short) was set up on May 11, 2005 with register capital of RMB 0.8 million. The original Meiling Group invested RMB 0.64 million, accounting 80% of register capital. RMB 0.16 million was invested by Hefei Meiling Economy Development Co., Ltd as monetary capital, accounting 20% of register capital. Hefei Meiling Economy Development Co., Ltd. transferred its 20% equity to original Meiling Group on July 20, 2009.

Registration No. of the Business License of Corporation Legal Person: 340122000010381; organization code of No. 77495478-0; Address: Meiling Industry Zone,Dong twenty bu, Hefei City; Legal Representative: Huang Danian; Manufacture and sales of belt, EPS, foam products, PP hollow profile, moulded pulp, honeycomb paperboard and materials of granulation package.

(52) Hefei Meiling Appliance Industry&Commerce Co., Ltd. (Appliance Industry&Commerce for short) was set up on June 17, 2003 with register capital of RMB 2 million. Among which, original Meiling Group invested RMB 1.2 million in monetary capital, accounting 60% of register capital; Hefei Meiling Grant Hotel invested 0.6 million in monetary capital, accounting 30% of register capital and Hefei Meiling Washing Machine Co., Ltd. Invested RMB 0.2 million in monetary capital, accounting 10% of register capital. The investment being verified by [WDHYZ(2003) No. 1117] of Anhui Ludong CPAs Co., Ltd. On

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

April 8, 2005, the original shareholder increased RMB 3 million (including RMB 857,823 monetary capital and RMB 2,142,177 undistribution profit) in the company. The investment proportion remains the same as usual. The capital increasement verified by [WDHYZ(2005) No. 1095] of Anhui Ludong CPAs Co., Ltd. On September 23, 2008, 30% equity and 10% equity owned by Hefei Meiling Grant Hotel and Hefei Meiling Washing Machine Co., Ltd respectively transferred to original Meiling Group in total.

Registration No. of the Business License of Corporation Legal Person: 340122000001039; organization code of No.75097049-5; Address: Feidong Xincheng Development Zone, Hefei City; Legal Representative: Jiang Changzhi; Business scope: Manufacture and sales of household apparatus (products need for specific approved, should not be operation until approved)

(53) Hefei Maston Appliance Co., Ltd (Maston for short) was set up in November 2004 with register capital of RMB 3 million. Among which, original Meiling Group invested RMB 0.7 million with 23.33% equity held. Liu Shikun (individual person) invested 0.94 million with 31.33% equity held while Li Xunzhu (individual person) invested RMB 1.36 million with 45.34% equity held. The investment being verified by [WDHYZ(2005) No. 1063] of Anhui Ludong CPAs Co., Ltd. The increased register capital of RMB 0.98 million on December 31, 2006. Among which, original Meiling Group increased RMB 0.25 million, Liu Shikun increased RMB 0.22 million while Li Xunzhu increased RMB0.51 million. The register capital after increasing will be RMB 3.98 million. On July 29, 2009, 29.15% and 46.98% equity owned by Liu Shikun and Li Xunzhu respectively transferred to original Meiling Group.

Registration No. of the Business License of Corporation Legal Person: 340106000034030; organization code of No.76900598-6; Address: No.669, Changjiang West Road, Hefei City; Legal Representative: Jiang Changzhi; Business scope: R&D, manufacture and sale of refrigerator and small appliance and other appliance.

(54) Chaohu Meiling Appliance Marketing Co., Ltd. (Chaohu Meiling) was established on 1 December 2009 with register capital of RMB 5 million. Chaohu Hualong Appliance Co., Ltd. invested RMB 2 million, a 40% of the total register capital; Meiling Marketing Company invested RMB 1 million, 20% of the total register capital while RMB 2 million totally collected by Jincheng Appliance Co., Ltd. and other 7 shareholders in Wuwei County Anhui Province. In 2011, Chaohu Hualong Appliance Co., Ltd entered into contract with Meiling Marketing Company and other 7 natural person shareholders for 40% equity held transferring and Meiling Marketing transferred 32% of equity held. After equity transferring, Meiling Marketing invested RMB 2.5 million of 50% equity of Chaohu Meiling held and become the first largest shareholders; Jincheng Appliance Co., Ltd in Wuwei Country, Anhui Province invested RMB 1 million of 20% equity held; Chaohu Renhe Commercial & Trade Company invested RMB 0.75 million of 15% equity held; other 10 natural person shareholders invested RMB 0.75 million in total of 15% equity held. The equity transferring finished changes in industrial & commercial dated 12 May 2011.

Registration No. of the Business License of Corporation Legal Person: 341402000029955(1-1); organization code of No. 69739029-8; Address: No. 107, 56# building, Lijing International Community, Jiankang West Rd., Chaohu City; Legal Representative: Cui Lianbin; Business scope: sales and maintenance of household apparatus and recycle of aged apparatus.

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

(II) Operational entity with controlling right formed through special purpose vehicle, or trust operation or accepting leases: Nil

(III) Changes of consolidation range in consolidated financial statement: Nil

(IV) Enterprise combination occurred in this year

1. Subsidiary obtained from combination under same control: Nil
2. Subsidiary obtained from combination under difference control: Nil
3. Counter purchase: Nil

(V) Translation of foreign currency statements

Sub-subsidiary -- Changhong Ruba located in Lahore, Pakistan. Book keeping with local currency Rupee, balance sheet at year-end was converted as:

Item	Amount for FC	Exchange rate	Amount for RMB	Item	Amount for FC	Exchange rate	Amount for RMB
Current assets	627,365,795	0.0628	39,409,237.16	Current liability	441,591,727	0.0628	27,739,467.50
Non-current assets				Total liability	441,591,727	0.0628	27,739,467.50
Total assets	5,769,813	0.0628	362,442.37	Paid-in capital	259,900,258	0.0734	19,070,433.88
				Retained profit	-68,356,376		-4,614,758.20
				Total owners' equity	191,543,882		12,032,212.03
				Liability and total equity	633,135,609		39,771,679.53
				Difference between foreign currency conversion			-2,423,463.65
				Including: Difference between the translation of foreign currency statement attributable to parent company			-1,454,078.19

VI. Notes to the major items in the consolidated financial statements

With respect to the financial statements figures disclosed below, unless otherwise specified, “year-beginning” refers to 1 January 2013; “period-end” refers to 30 June 2013; “current period” refers to 1 January 2013 to 30 June 2013; “the last period” refers to 1 January 2012 to 30 June 2012; the currency is RMB.

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

1. Monetary fund

Item	Period-end			Year-begin		
	Original currency	Exchange rate	RMB converted	Original currency	Exchange rate	RMB converted
Cash holdings			329,859.54			262,422.50
RMB	325,432.32		325,432.32	260,290.84		260,290.84
Rupee	70,478.00	0.062817	4,427.22	33,048.99	0.0645	2,131.66
Bank deposit			1,372,590,331.02			1,593,192,651.45
RMB	1,288,743,236.21		1,288,743,236.21	1,542,727,712.20		1,542,727,712.20
USD	12,425,513.89	6.1787	76,773,522.67	7,066,955.26	6.2855	44,419,347.29
EUR	33.14	8.0536	266.90	285,109.27	8.3176	2,371,424.86
AUD	334,012.01	5.7061	1,905,905.93	292,056.42	6.5363	1,908,968.38
Rupee	82,261,167.78	0.062817	5,167,399.31	27,367,422.02	0.0645	1,765,198.72
Other monetary fund			583,529,881.35			107,852,504.18
RMB	570,057,964.76		570,057,964.76	102,458,789.91		102,458,789.91
USD	2,180,245.70	6.1787	13,471,084.11	684,206.86	6.2855	4,300,582.22
EUR	5.82	8.0536	46.87	130,952.36	8.3176	1,089,209.35
AUD	137.68	5.7061	785.62	600.14	6.5363	3,922.70
Total			1,956,450,071.91			1,701,307,578.13

Balance at period-end saving overseas amounting to RMB 5,171,826.53; other monetary fund mainly refers to the margin of bank acceptance bill and savings of foreign exchange in account that need for verified; except margins, no amount of pledge or froze that exits recovery potential risk for reliability in monetary funds.

2. Note receivable

(1) Category of notes receivable

Category	Period-end	Year-begin
Bank acceptance bill	2,474,225,570.67	1,738,725,417.01
Commercial acceptance bill	15,801,101.32	
Total	2,490,026,671.99	1,738,725,417.01

Note receivable at period-end increase 751,301,300 Yuan over that of year-begin with 43.21% up, mainly

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

because bank acceptance received in peak seasons increased which has not yet due for collection in the Period.

(2) Top five notes mortgaged by end of the period:

Category	Issuing company	Issuing	Maturity	Amount	Note Serials
Bank acceptance	Anhui Tianyang Group Bengbu Tianyang Jiaodian Co., Ltd.	2013.05.31	2013.11.30	10,000,000.00	10300052 20464471
Bank acceptance	Anhui Tianyang Group Bengbu Tianyang Jiaodian Co., Ltd.	2013.05.31	2013.11.30	6,800,000.00	10300052 20464472
Bank acceptance	Anqing Ruilin Economy and Trade Co., Ltd.	2013.02.27	2013.08.27	5,800,000.00	40200051 22274339
Bank acceptance	Beijing Large and Medium-sized Electrical Appliances Chain Co., Ltd.	2013.05.21	2013.11.21	5,045,475.89	31300051 21188796
Bank acceptance	Changsha Tongcheng Holdings Co., Ltd.	2012.12.21	2013.06.21	5,000,000.00	30500053 22126327
Total				32,645,475.89	

(3) Top five notes endorsed to others but not yet due at the end of the period:

Category	Issuing company	Issuing	Maturity	Amount	Note Serials
Bank acceptance	Tianjin Hengxin Ruida Logistic Co., Ltd.	2013.04.15	2013.10.15	12,500,000.00	3090005324 707593
Bank acceptance	Suning purchasing center of Suning appliance Co., ltd.	2013.04.12	2013.10.11	10,310,337.90	008059231
Bank acceptance	Shanghai Suning Appliance Co., Ltd.	2013.03.01	2013.09.01	10,000,000.00	3080005392 202197
Bank acceptance	Guangdong Suning Appliance Co., Ltd.	2013.03.21	2013.09.21	10,000,000.00	3080005393 527319
Bank acceptance	Fujian Suning Yunshang Commercial and Trading Co., Ltd.	2013.04.26	2013.10.26	10,000,000.00	3010005122 055749
Total				52,810,337.90	

(4) Note has been discount at period-end without expiration:

Category	Issuing company	Issuing	Maturity	Amount	Note Serials
Bank acceptance	Chongqing Department Store Co., Ltd.	2013.04.15	2013.10.15	2,000,000.00	1020005222 367822

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Bank acceptance	Chongqing Department Store Co., Ltd.	2013.03.18	2013.09.18	1,000,000.00	1020005222 365809
Bank acceptance	Chongqing Department Store Co., Ltd.	2013.03.22	2013.09.18	1,000,000.00	1020005222 365934
Bank acceptance	Chongqing Department Store Co., Ltd.	2013.03.25	2013.09.25	1,000,000.00	1020005222 365965
Bank acceptance	Chongqing Department Store Co., Ltd.	2013.03.25	2013.09.25	1,000,000.00	1020005222 365966
Total				6,000,000.00	

3.Account receivables

(1)Age structure of account receivable

Item	Period-end				Year-begin			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	1,184,894,460.44	97.68	52,669,271.71	84.53	775,695,422.25	97.32	33,467,560.05	77.41
1-2 years	10,725,187.68	0.88	1,488,402.21	2.39	7,229,951.96	0.91	1,088,916.12	2.52
2-3 years	7,813,547.08	0.64	767,770.13	1.23	5,396,757.25	0.68	1,731,603.91	4.01
3-4 years	4,893,435.49	0.40	2,684,766.41	4.31	3,964,305.65	0.50	2,319,394.11	5.36
4-5 years	1,283,845.34	0.11	1,256,280.96	2.02	1,758,197.03	0.22	1,757,320.91	4.06
Over 5 years	3,490,068.99	0.29	3,437,058.19	5.52	2,953,328.96	0.37	2,871,087.16	6.64
Total	1,213,100,545.02	100.00	62,303,549.61	100.00	796,997,963.10	100.00	43,235,882.26	100.00
Net value	1,150,796,995.41				753,762,080.84			

Account receivables at period-end increase 397,034,900 Yuan over that of year-begin with 52.67% up, mainly because revenue from sales in the Period increased and due to the time difference of sales and money collection.

(2)Risk structure of account receivable

Item	Period-end				Year-begin			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Account receivable with single significant amount and withdrawal single item bad debt provision							-	-
Account receivable withdrawal bad debt provision by combination								
combination 1	1,070,049,239.31	88.21	59,822,715.87	5.59	679,439,223.93	85.25	40,702,097.28	5.99
combination 2	140,570,471.97	11.59			115,024,954.19	14.43		
Combination Subtotal	1,210,619,711.28	99.80	59,822,715.87	4.94	794,464,178.12	99.68	40,702,097.28	5.12
Account receivable with single minor amount but withdrawal single item bad debt provision	2,480,833.74	0.20	2,480,833.74	100.00	2,533,784.98	0.32	2,533,784.98	100.00
Total	1,213,100,545.02	100.00	62,303,549.61	5.14	796,997,963.10	100.00	43,235,882.26	5.42
Net value	1,150,796,995.41				753,762,080.84			

(3) Account receivable with single significant amount and withdrawal bad debt provision single: Nil

(4) Withdrawal bad debt provision by account age in combination 1: :

Account age	Period-end			Year-begin		
	Amount	Ratio (%)	Bad debt provision	Amount	Ratio (%)	Bad debt provision
Within 1 year	1,053,325,434.18	5	52,666,271.71	660,467,783.05	5	33,023,389.15
1-2 years	6,961,542.05	15	1,044,231.31	7,259,440.83	15	1,088,916.12
2-3 years	2,193,628.91	35	767,770.12	4,947,439.74	35	1,731,603.91
3-4 years	4,881,393.49	55	2,684,766.42	4,217,080.21	55	2,319,394.11
4-5 years	183,762.44	85	156,198.07	57,907.46	85	49,221.35
Over 5 years	2,503,478.24	100	2,503,478.24	2,489,572.64	100	2,489,572.64
Total	1,070,049,239.31		59,822,715.87	679,439,223.93		40,702,097.28
Net value	1,010,226,523.44			638,737,126.65		

(5) Accounts in combination 2:

Combination	Book balance
Connected amount between related parties	101,010,833.19
Account receivable with L/C	39,559,638.78
Total	140,570,471.97

(6) Account receivable with single minor amount but withdrawal single item bad debt provision at period-end

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Unit	Book balance	Bad debt amount	Accrual proportion	Accrual reasons
Shandong Wendeng Department Store Corporation	129,051.14	129,051.14	100%	Cease business contact for 4 to 5 years; predicted non-recoverable for failure urging
Jiangsu Zhenjiang GOME Electrical Appliance Co., Ltd.	123,474.37	123,474.37	100%	
Liuzhou Minyu Hardware Appliance Business	51,588.00	51,588.00	100%	
Nanjing Central Emporium Co., Ltd.	512,925.85	512,925.85	100%	
Zhejiang Yongle Appliance Co., Ltd. (Taizhou)	95,090.82	95,090.82	100%	
Gaomi Sanhe Appliance Market Co., Ltd.	610,458.57	610,458.57	100%	
Cifeng Baixin Apparatus Co., Ltd.	271,114.97	271,114.97	100%	
Yichun Jixing Appliance Town	218,509.36	218,509.36	100%	
MEKONG ELECTRONICS(LAOS)C	122,987.52	122,987.52	100%	claim to insurance company for unrecovered amount
FOXMAN FUEGUINA S.A.	321,183.37	321,183.37	100%	Bad debt balance after compensate from insurance company
Hefei Greatwal Refrigeration Technology Co., Ltd.	24,449.77	24,449.77	100%	predicted Non-recoverable for long account age
Total	2,480,833.74	2,480,833.74		

(7) Withdraw of account receivable verified in previous years: Nil

(8) Switch-back of bad debt provision for account receivable in this period:

Unit	Relationship with the Company	Book balance	Switch-back	Account age
Jiangsu Zhenjiang GOME Electrical Appliance Co., Ltd.	Non-related party	52,951.24	52,951.24	Over 5 years
Total		52,951.24	52,951.24	

Note: The account receivables recover in this period are transfer to bad debt provision correspondingly

(9) Account receivable verified in this period: Nil

(10) Arrears of the shareholders holding more than 5% (including 5%) shares with voting rights of the Company:

Unit	Period-end	Year-begin
Sichuan Changhong Electric Co., Ltd.	25,257.14	529,937.38

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

(11) Top five amount of account receivable amounting as RMB 441,414,754.20, a 36.39% in total account receivable at period-end.

(12) Details of account receivable from related parties found in 8(3)

(13) Balance of accounts receivable in foreign currencies

Currency	Period-end			Year-begin		
	Original currency	Exchange rate	RMB converted	Original currency	Exchange rate	RMB converted
USD	39,594,723.03	6.1787	244,643,915.19	27,744,251.90	6.2855	174,386,495.32
EUR			-	43,537.51	8.3176	362,127.59
AUD	954,855.70	5.7061	5,448,502.11	876,887.61	6.5363	5,731,600.49
Rupee	10,314,551.40	0.0628	647,753.83	138,128,300.00	0.0645	8,909,275.35
Total			250,740,171.13			189,389,498.75

(14) Account receivable derecognition: Nil

4. Account paid in advance

(1) Account paid in advance classify according to age structure

Item	Period-end		Year-begin	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	153,400,056.57	95.56	41,294,960.49	83.57
1—2 years	3,120,722.71	1.94	4,247,999.64	8.60
2—3 years	179,250.94	0.11	3,328,517.45	6.73
Over 3 years	3,840,826.02	2.39	543,357.93	1.10
Total	160,540,856.24	100.00	49,414,835.51	100.00

Account paid in advance at period-end increase 111,126,000 Yuan over that of year-begin with 224.88% up, mainly because prepared for the coming peak season, more procurement increased.

(3) Top five amount of account paid in advance at period-end amounting as RMB 122,268,035.78, a 76.16% in total account paid in advance at period-end.

(4) The accounts paid in advance at the end of the period did not include any arrears of the shareholders holding more than 5% (including 5%) shares with voting rights of the Company.

Unit	Period-end	Year-begin
Sichuan Changhong Electric Co., Ltd.	490,196.00	128,656.00

(5) Account paid in advance for related party found in 8(3)

(6) Balance of foreign currency for account paid in advance

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Currency	Period-end			Year-begin		
	Original currency	Exchange rate	RMB converted	Original currency	Exchange rate	RMB converted
USD	712,656.33	6.1787	4,403,289.67	2,882,039.02	6.2855	18,115,056.26
EUR	121,346.00	8.0536	977,272.15	10,990.60	8.3176	91,415.41
JPY				11,400,000.00	0.0730	832,200.00
Total			5,380,561.82			19,038,671.67

5. Other account receivable

(1) Age structure of other account receivable

Item	Period-end				Year-begin			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	245,344,020.56	96.25	201,925.64	4.68	24,391,508.02	69.00	304,701.08	7.51
1-2 years	4,401,594.01	1.73	522,120.17	12.09	5,119,464.43	14.48	481,452.17	11.86
2-3 years	807,916.16	0.32	128,424.51	2.97	1,957,599.05	5.54	128,424.51	3.16
3-4 years	1,043,325.74	0.41	336,299.87	7.79	1,381,314.87	3.91	769,838.37	18.96
4-5 years	846,205.41	0.33	705,140.42	16.33	33,756.63	0.10	12,390.43	0.31
Over 5 years	2,452,419.28	0.96	2,423,337.71	56.14	2,464,419.28	6.97	2,362,919.28	58.20
Total	254,895,481.16	100.00	4,317,248.32	100.00	35,348,062.28	100.00	4,059,725.84	100.00
Net value	250,578,232.84				31,288,336.44			

Other account receivable at period-end increase 219,289,900 Yuan over that of year-begin with 700.87% up, mainly because the subsidy of energy-saving and civil-benefit has not collected yet.

(2) Risk structure of other account receivable

Item	Period-end				Year-begin			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Account receivable with single significant amount and withdrawal single item bad debt provision								

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Item	Period-end				Year-begin			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Account receivable withdrawal bad debt provision by combination								
combination 1	9,305,852.22	3.65	2,009,005.52	21.59	11,070,241.01	31.32	1,820,112.97	16.29
combination 2	243,281,386.14	95.44			22,038,208.40	62.34		
Combination Subtotal	252,587,238.36	99.09	2,009,005.52	0.80	33,108,449.41	93.66	1,820,112.97	5.50
Account receivable with single minor amount but withdrawal single item bad debt provision	2,308,242.80	0.91	2,308,242.80	100.00	2,239,612.87	6.34	2,239,612.87	100.00
Total	254,895,481.16	100.00	4,317,248.32	1.69	35,348,062.28	100.00	4,059,725.84	11.49
Net value	250,578,232.84				31,288,336.44			

(3) Significant other account receivable and withdrawal bad debt provision single: Nil

(4) Withdrawal bad debt provision by account age in combination 1:

Account age	Period-end			Year-begin		
	Amount	Ratio (%)	Bad debt provision	Amount	Ratio (%)	Bad debt provision
Within 1 year	3,894,812.71	5	194,740.64	5,950,321.52	5	297,516.08
1-2 years	3,480,801.16	15	522,120.17	3,209,681.14	15	481,452.17
2-3 years	366,927.16	35	128,424.51	366,927.16	35	128,424.51
3-4 years	611,454.31	55	336,299.87	1,396,454.31	55	768,049.87
4-5 years	829,576.97	85	705,140.42	14,576.97	85	12,390.43
Over 5 years	122,279.91	100	122,279.91	132,279.91	100	132,279.91
Total	9,305,852.22		2,009,005.52	11,070,241.01		1,820,112.97
Net value	7,296,846.70			9,250,128.04		

(5) Accounts in combination 2:

Combination	Book balance
Loans of employee's pretty cash	10,749,577.44
Connected amount between related parties	1,092,378.70
Subsidy receivable of energy-saving and civil-benefit	231,439,430.00

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

Total	243,281,386.14
--------------	-----------------------

(6) Other account receivable with single minor amount but withdrawal bad debt provision singly at period-end

Item	Book balance	Bad debt provision	Accrual proportion	Reasons
Individual borrowings in previous years	2,308,242.80	2,308,242.80	100%	Un-receivable due to office leaving

(7) Other account receivable received in previous years which have been verified: Nil

(8) Switch-back of bad debt provision of other account receivable in the Period:

Item	Book balance	Switch-back	Account age
Individual borrowings in previous years	1,788.50	1,788.50	4-5 years
	2,000.00	2,000.00	Over 5 years

(9) Other account receivables verified in this Period: Nil

(10) Other account receivables at the end of the year did not include the arrears of the shareholders holding more than 5% (including 5%) of shares with voting rights of the Company: Nil

(11) Top five other account receivable

Item	Relationship with the Company	Amount	Account age	Proportion in total other receivables	Nature or content
Hefei Finance Bureau	Non-related party	231,439,430.00	Within 1 year	90.80%	Subsidy of energy-saving and civil-benefit
Hefei Social Security Bureau (migrant workers security)	Non-related party	1,414,712.00	1-2 years	0.56%	Migrant workers security
Alipay (China) Network Technology Co., Ltd.	Non-related party	1,114,297.05	Within 1 year	0.44%	Margin
Guangzhou Hualing Refrigeration Equipment Co., Ltd.	Non-related party	800,000.00	Within 1 year	0.31%	Guarantee money
Zhan Xudong	Employee	561,643.00	Within 1 year	0.22%	Reserve fund
Total		235,330,082.05		92.33%	

(12) Other account receivable of related parties, found in 8(3)

(13) Foreign currency balance for other account receivable

Foreign	Period-end	Year-begin
---------	------------	------------

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

currency	Original currency	Exchange rate	RMB converted	Original currency	Exchange rate	RMB converted
Rupee	56,681,825.22	0.0628	3,559,618.62	47,163,431.38	0.0645	3,042,041.32

(14) Other account receivable derecognition: Nil

6. Inventories

(1) Classification of inventories

Item	Period-end			Year-begin		
	Bookbalance	Impairment provision	Book value	Bookbalance	Impairment provision	Book value
Raw materials	688633439	304563133	6581771226	10235420611	397490602	9837930009
Stock commodities	12749976062	6168075004	12133169008	128698141441	8156466158	120541675283
Low value consumable articles	817078399		8,170,783.99	612863285		6,128,632.85
Goods in transit	10546037562	546727911	9999309651	13753166325	588160742	1316906583
Goods-in-process	1693608993	109761446	1583847547	177286627	109761446	1667525181
Deferred expense for moulds	2822116777		28221,167.77	4505725825		45,057,258.25
Work in process-outsourced	71488955	71488955		71488955	71488955	
Total	15836430107	720616449	1431381368	1596509809	982367903	15830725166

(2) Inventory falling price reserves

Item	Year-begin	Increase during the Period	Decrease during the Period		Period-end
			Switch-back	Write-off	
Raw materials	3,974,906.02	59,180.16		988,454.85	3,045,631.33
Stock commodities	81,564,661.58	1,598,987.68		21,482,899.22	61,680,750.04
Goods in transit	5,881,607.42	1,029,074.00		1,443,402.31	5,467,279.11
Goods in process	1,097,614.46				1,097,614.46

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Item	Year-begin	Increase during the Period	Decrease during the Period		Period-end
			Switch-back	Write-off	
Work in process-outsourced	714,889.55				714,889.55
Total	93,233,679.03	2,687,241.84		23,914,756.38	72,006,164.49

7. Long-term equity investment

(1) Classification of long-term equity investment

Item	Period-end	Year-begin
Long-term equity investment accounted in the cost method	9,100,000.00	10,420,000.00
Long-term equity investment accounted in the equity method	23,620,591.78	24,730,428.02
Long-term equity investment Total	32,720,591.78	35,150,428.02
Less: Provision for impairment of long-term equity investment		
Value of long-term equity investment	32,720,591.78	35,150,428.02

(2) Long-term equity investment accounted in the cost method and the equity method

Invested unit	Holdi ng prop ortion (%)	Voting right propor tion (%)	Initial amount	Year-begin	Increase during the Period	Decrease during the Period	Period-end	Cash dividend for the Period
Accounting in the cost method								
1. Huishang Bank Co., Ltd.	0.13	0.13	5,000,000.00	5,000,000.00			5,000,000.00	1,073,757.30
2. Jiujiang Meiling Appliance Marketing Co., Ltd.	19	19	1,000,000.00	1,000,000.00			1,000,000.00	
3. Haozhou Meiling Appliance Marketing Co., Ltd.	18	18	800,000.00	720,000.00		720,000.00	-	
4. Guangyuan Meiling Appliance Marketing Co., Ltd.	20	20	800,000.00	800,000.00			800,000.00	
5. Guangxi Meiling Home Appliances Co., Ltd.	20	20	1,000,000.00	1,000,000.00			1,000,000.00	

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Invested unit	Holding proportion (%)	Voting right proportion (%)	Initial amount	Year-begin	Increase during the Period	Decrease during the Period	Period-end	Cash dividend for the Period
6. Changzhou Meiling Appliance Marketing Co., Ltd.	20	20	600,000.00	600,000.00		600,000.00	-	
7. Xuancheng Meiling Appliance Marketing Co., Ltd.	16	16	800,000.00	800,000.00			800,000.00	
8. Buyang Meiling Appliance Marketing Co., Ltd.	10	10	500,000.00	500,000.00			500,000.00	
Subtotal	-	-	10,500,000.00	10,420,000.00		1,320,000.00	9,100,000.00	1,073,757.30
Calculation by equity method								
1. Hefei Meiling Solar Energy Technology Co., Ltd.	32.751	32.751	3,111,400.00	2,544,854.28		964,644.78	1,580,209.50	
2. Changhong Ruba Electric Company(Private) Ltd.	40	40	\$1,600,000.00	9,520,163.21	160,000.00		9,680,163.21	
3. Hefei Xingmei Assets Management Co.,Ltd.	48.28	48.28	12,094,369.48	12,665,410.53	211,404.54	516,596.00	12,360,219.07	516,596.00
Subtotal			25,325,585.48	24,730,428.02	371,404.54	1,481,240.78	23,620,591.78	516,596.00
Total			35,825,585.48	35,150,428.02	371,404.54	2,801,240.78	32,720,591.78	1,590,353.30

(3) Investment in associated companies

Invested unit	Holding proportion (%)	Voting right proportion (%)	Total assets at period-end	Total liabilities at period-end	Total net assets at period-end	Current period Operation income	Net profit of the Period
1. Hefei Meiling Solar Energy Technology Co., Ltd.	32.751	32.751	67,366,678.06	62,547,173.60	4,819,504.46	11,830,987.05	-2,945,390.30
2. Changhong Ruba Electric Company (Private) Ltd.	40.00	40.00	47,341,478.63	26,833,900.16	20,507,578.47	39,000,453.81	400,000.00
3. Hefei Xingmei Assets Management Co.,Ltd.	48.28	48.28	29,640,336.58	1,874,278.57	27,766,058.01	1,894,101.00	437,871.87

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

(4) Depreciation reserves for long-term equity investment: Nil

(5) Restriction of fund transfer ability to investment enterprise: Nil

8. Investment properties

(1) Investment properties measured at costs

Item	Year-begin	Increase during the Period	Decrease during the Period	Period-end
Original value	24,058,864.21			24,058,864.21
Houses and buildings	23,142,172.83			23,142,172.83
Land use rights	916,691.38			916,691.38
Accumulated depreciation and accumulated amortization	7,548,904.37	376,399.95		7,925,304.32
Houses and buildings	7,247,580.56	360,413.05		7,607,993.61
Land use rights	301,323.81	15,986.90		317,310.71
Provision for impairment				-
Houses and buildings				
Land use rights				
Book value	16,509,959.84			16,133,559.89
Houses and buildings	15,894,592.27			15,534,179.22
Land use rights	615,367.57			599,380.67

(2) Investment real estate measured by fair value: Nil

(3) Particular about mortgage of investment property

Item	Land certificate serials	Area (M ²)	Net book value	Mortgage bank
Nantou Village, Nantou Town, Zhongshan City	YFDZZ No.C1628036	5,153.32	2,543,553.57	Foshan Branch of China Merchants Bank
Nantou Village, Nantou Town, Zhongshan City	Zhong Fuguoyong No. (2003) 020642	845.00	599,380.67	Foshan Branch of China Merchants Bank
Total		5,998.32	3,142,934.24	

9. Fixed assets

(1) Classification of fixed assets by item

Item	Year-begin	Increase during the Period	Decrease during the Period	Period-end
Original value	1,969,090,794.29	49,410,529.50	52,642,985.49	1,965,858,338.30
Houses and buildings	802,761,805.37	8,687,710.85	277,657.00	811,171,859.22

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Item	Year-begin	Increase during the Period		Decrease during the Period	Period-end
Mechanical equipment	1,044,871,176.60	34,986,768.78		47,033,015.65	1,032,824,929.73
Transport equipment	29,142,008.79	339,165.04		4,777,711.39	24,703,462.44
Other	92,315,803.53	5,396,884.83		554,601.45	97,158,086.91
Accumulated depreciation	708,548,967.83	Newly added in current period	Withdrawal in current period	36,687,322.93	735,782,600.27
Houses and buildings	99,371,609.27		12,843,583.77	2,515,070.95	109,700,122.09
Mechanical equipment	551,643,798.68		45,017,734.17	30,621,189.44	566,040,343.41
Transport equipment	18,841,238.94		1,500,720.45	3,449,722.03	16,892,237.36
Other	38,692,320.94		4,558,916.98	101,340.51	43,149,897.41
Provision for impairment	16,651,875.65			655,855.06	15,996,020.59
Houses and buildings	1,240,639.77				1,240,639.77
Mechanical equipment	11,726,972.91			655,855.06	11,071,117.85
Transport equipment	593,280.41				593,280.41
Other	3,090,982.56				3,090,982.56
Book value	1,243,889,950.81				1,214,079,717.44
Houses and buildings	702,149,556.33				700,231,097.36
Mechanical equipment	481,500,405.01				455,713,468.47
Transport equipment	9,707,489.44				7,217,944.67
Other	50,532,500.03				50,917,206.94

(2) Fixed assts temporary idle

Item	Original book value	Accumulated depreciation	Depreciation provision	Net book value
Houses and buildings	3,560,856.00	895,271.20		2,665,584.80

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Mechanical equipment	9,205,928.30	4,975,616.33	3,590,517.83	639,794.14
Transport equipment	212,559.00	173,840.98	11,392.22	27,325.80
Other	729,105.36	486,138.04	210,002.95	32,964.37
Total	13,708,448.66	6,530,866.55	3,811,913.00	3,365,669.11

(3) Fixed assets leased through operating lease: Nil

(4) Fixed assets leased through operating lease:

Item	Original book value	Accumulated depreciation	Depreciation provision	Net book value
Mechanical equipment	1,307,440.60	872,315.95		435,124.65

(5) Fixed assets used for mortgage

Name	Property certificate serials	Original value	Net value	Bank for mortgage
Office building	YFDZZ No.C1628036	1,841,317.16	756,356.49	Foshan Branch of China Merchants Bank
#2 Office building	YFDZZ No.C1628036	4,685,446.45	1,924,637.35	Foshan Branch of China Merchants Bank
Office building(decoration)	YFDZZ No.C1628036	1,309,613.63	644,423.43	Foshan Branch of China Merchants Bank
Office building(decoration)	YFDZZ No.C1628036	3,332,464.76	1,639,810.70	Foshan Branch of China Merchants Bank
2/F of #1plant 2/F of #2plant	YFDZZ No.C1628035	4,461,822.45	1,702,625.87	Foshan Branch of China Merchants Bank
1/F of #1plant	YFDZZ No.C1628035	2,230,911.23	851,312.78	Foshan Branch of China Merchants Bank
1/F of #2plant	YFDZZ No.C1628035	2,230,911.23	851,312.78	Foshan Branch of China Merchants Bank
3# plant	YFDZZ No.C1628037	10,510,553.63	4,336,530.74	Foshan Branch of China Merchants Bank
2/F of #3plant	YFDZZ No.C1628037	961,963.73	396,894.91	Foshan Branch of China Merchants Bank
Warehouse	YFDZZ No.C1628037	1,897,142.05	782,738.49	Foshan Branch of China Merchants Bank
2/F of #4plant	YFDZZ No.C1652820	1,212,957.95	500,452.17	Foshan Branch of China Merchants Bank

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Name	Property certificate serials	Original value	Net value	Bank for mortgage
Dormitory of 1#, 2#, 3#	YFDZZ No.C165275 YFDZZ No.C165282 YFDZZ No.C1628038	4,910,007.80	2,016,880.19	Zhongshan Nantou Sub-branch of ICBC
4# dormitory building	YFDZZ No.C1652754	1,519,062.18	623,983.96	Zhongshan Nantou Sub-branch of ICBC
Canteen	YFDZZ No.C1652823	1,178,632.00	486,289.62	Zhongshan Nantou Sub-branch of ICBC
Total		42,282,806.25	17,514,249.48	

(6) Fixed assts without property certificate (House and buildings)

Assets	Original value
7#Freezer Plant	35,579,365.82
8#Freezer Plant	32,656,840.25
9#Freezer Plant	20,334,625.38
3#Big refrigerator Plant	64,791,535.83
3#Big refrigerator finished-goods Plant	46,837,081.75
Canteen	2,415,806.73
1# dormitory building	4,913,840.64
2# dormitory building	4,844,585.04
1# dormitory building for cadresmen	7,274,044.55
2# dormitory building for cadresmen	7,272,362.29
3# makeshift shelter	5,689,907.18
4# makeshift shelter	6,651,069.97
5# makeshift shelter	5,140,247.60
6# building for cadresmen	8,936,534.60
7# building for cadresmen	8,221,302.20
8# makeshift shelter	5,178,824.74
Total	266,737,974.57

For individual acceptance procedure not done for the above house and buildings, no property certificate has been done temporary.

(7) Fixed assets ready for sale at period-end: Nil

10. Construction in progress

(1) Details of construction in progress

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

Item	Period-end			Year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Manufacture base project of the Athena luxury refrigerator	13,825,553.01		13,825,553.01	9,028,293.55		9,028,293.55
construction of the project of ice cube capacity expansion	13,757,973.81		13,757,973.81	12,770,820.99		12,770,820.99
Phase II of Changhong Meiling industry park	3,703,271.61		3,703,271.61	4,481,244.26		4,481,244.26
Capacity expansion project of energy-saving and environmental refrigerator	472,495.71		472,495.71	473,294.86		473,294.86
Capacity expansion of energy-saving and environmental refrigerator with annual output of 2 millions sets	10,512,667.75		10,512,667.75	6,550,575.05		6,550,575.05
Construction project of Phase II for matching life district of Meiling Hi-Tech Industrial Park	6,468,371.07		6,468,371.07	14,800,996.61		14,800,996.61
Equipments pending for installation	4,722,558.33		4,722,558.33	5,130,708.59		5,130,708.59
Removal and reconstruct of high-pressure foam machines and security system and side panel line	2,073,315.04		2,073,315.04			
Other minor projects etc.	13,987,302.85		13,987,302.85	17,469,180.42		17,469,180.42
Total	69,523,509.18		69,523,509.18	70,705,114.33		70,705,114.33

(2) Changes in significant construction in progress

Projects	Year-begin	Increase during the Period	Decrease during the Period		Period-end
			Transfer to fixed assets	Other decrease	

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Projects	Year-begin	Increase during the Period	Decrease during the Period		Period-end
			Transfer to fixed assets	Other decrease	
Manufacture base project of the Athena luxury refrigerator a)	9,028,293.55	7,069,766.17	2,272,506.71		13,825,553.01
project of ice cube capacity expansion b)	12,770,820.99	987,152.82			13,757,973.81

(Continued)

Projects	Budget	Proportion of project investment in budget (%)	Progress	Accumulated amount of interest capitalization	including: interest capitalized amount of the year	Interest capitalization rate of the year (%)	Capital source
Manufacture base project of the Athena luxury refrigerator	793million Yuan	65.44%	90.00%				Mainly raised
project of ice cube capacity expansion	375million Yuan	74.68%	96.50%				Mainly raised

a) Manufacture base of Athena luxury refrigerator constructed expected to invest RMB 793,303,800. Raised fund RMB 730 million plans to invested, and rest of the capital will collect by the company. Production plant, equipment and finished-good warehouse has transfer to fixed assets and put into usage dated 30 November 2012. As of the Period-end, part of the equipment still in installation and debugging, settlement for acceptance not done yet.

b) The freezer capacity expansion project plans to invest RMB 375.1778 million in total. Raised fund RMB 300 million will invest and rest of the capital will collect by the company. Phase I has completed and put into production in January 2011, 1st stage of phase II was completed and put into production in March 2012. As of the Period-end, part of the equipment for phase II still in installation and debugging, settlement for acceptance not done yet.

(3) Depreciation reserves for construction in process: Nil

11. Intangible assets

(1) Items of intangible assets are set out as follows:

Item	Year-begin	Increase during the Period	Decrease during the Period	Period-end
Original price of intangible assets	979,379,867.09	8,880,016.19		988,259,883.28
Land use right	638,981,493.04			638,981,493.04

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Item	Year-begin	Increase during the Period	Decrease during the Period	Period-end
Trademark exclusive right	283,292,439.34			283,292,439.34
patent technology	2,066,100.00			2,066,100.00
Non-patent technology	55,039,834.71	8,880,016.19		63,919,850.90
Accumulated amortization	350,197,523.10	13,271,165.08		363,468,688.18
Land use right	76,535,235.63	6,673,544.24		83,208,779.87
Trademark exclusive right	243,799,580.97	2,455,785.00		246,255,365.97
patent technology	1,153,572.50			1,153,572.50
Non-patent technology	28,709,134.00	4,141,835.84		32,850,969.84
Provision for impairment	912,527.50			912,527.50
Land use right				-
Trademark exclusive right				-
patent technology	912,527.50			912,527.50
Non-patent technology				-
Book value	628,269,816.49			623,878,667.60
Land use right	562,446,257.41			555,772,713.17
Trademark exclusive right	39,492,858.37			37,037,073.37
patent technology				-
Non-patent technology	26,330,700.71			31,068,881.06

(2) As of this Period-end, mortgage of intangible assets is as follows:

Details of intangible assets	Property certificate serials	Area(M ²)	Net book value	Note
Office building, plant and dormitory land	ZFGY(2003)020639	14,834.30	6,105,736.56	Foshan Ronggui Sub-branch of China Merchants Bank
	ZFGY(2003)020640	5,375.90		
	ZFGY(2003)020641	16,198.20		
	ZFGY(2003)020642	13,239.10		
	ZFGY(2003)020643	15,381.40		

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Details of intangible assets	Property certificate serials	Area(M ²)	Net book value	Note
	ZFGY(2003)020644	14,451.10	1,356,852.25	Zhongshan Nantou Sub-branch of ICBC
Lands	HJKGY(2007)No.: 061	477,550.00	292,589,073.71	Office of Anhui Branch of Export-Import Bank of China
Industrial Park of Hefei Hi-Tech Industry Development District	HGYJC Zi No.: 0121 号	27,103.60	22,277,420.64	Hefei FinanceBureau
Total		584,133.60	322,329,083.16	

(3) Upon consolidation of Meiling Group by the Company under business combination not under the common control in 2010, the Company successively started legal procedures to clear the trademark license agreements entered into by Meiling Group previously, in order to recover the exclusive trademark right. In 2012, as mediated by the high people's court of Anhui province, Meiling Group reached and signed, on a willing basis, mediation agreement with Hefei Meiling Home Appliances Co., Ltd. and the court also issued civil mediation letter (WMSZZDi (2012) No.00020). For details, please refer to the Board announcement dated 29 December 2012 disclosed by the Company in relation to the progress of the case that subsidiary Hefei Meiling Group Holding Co., Ltd. requires Hefei Meiling Home Appliances Co., Ltd. to terminate trademark use license agreement. Other arbitration issues regarding to recovery of trademark use right: the case that Meiling Group requires Hefei Meiling Telecommunications Technology Co., Ltd. and Hefei Meiling Cabinet Appliances Co., Ltd. to terminate the previously signed trademark use right license agreement with relevant compensations has applied for arbitration from Arbitration Committee of Hefei. Currently, the court session has been opened for this arbitration, pending for verdict by Arbitration Committee of Hefei

12. Development expense

Item	Year-begin	Increase during the Period	Decrease during the Period		Period-end
			Record into current gains and losses	Confirm as intangible assets	
Technology development for Air-conditioner	31,746,326.41	10,232,407.20	2,090,068.99	8,880,016.19	31,008,648.43

13. Goodwill

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

Invested unit	Year-begin	Increase during the Period	Decrease during the Period	Period-end	Depreciation reserves
Hefei Meiling Group Holding Co., Ltd.	10,922,803.73			10,922,803.73	5,392,961.64

Goodwill generated from merger of Meiling Group classified according to assts group:

Assets group	Items	Apportion Goodwill	Impairment provision	Net value
Assets group A	Equator Appliance	846,742.35	846,742.35	
	Equator Apparatus			
Assets group B	Precision tube	2,706,625.42	2,706,625.42	
	Non-ferrous metal			
Assets group C	Package products	1,839,593.87	1,839,593.87	
	Environment-friendly Package			
Assets group D	Trademark exclusive right	5,529,842.09		5,529,842.09
Total		10,922,803.73	5,392,961.64	5,529,842.09

14. Deferred income tax assets

(1) Recognized deferred income tax assets

Item	Period-end	Year-begin
Assets impairment	11,197,319.26	12,000,833.77
Accrual liability	53,923,200.46	54,259,629.22
Dismiss welfare	7,168,522.97	7,638,868.63
Deductible losses		330,874.31
Accrual expense	3,601,767.40	2,303,288.96
Total	75,890,810.09	76,533,494.89

(2) Unrecognized deferred income tax assets

Item	Period-end	Year-begin
Deductible temporary difference	119,347,478.72	168,288,165.87
Deductible loss	201,452,440.85	164,624,645.62
Total	320,799,919.56	332,912,811.49

It is uncertainty for gaining sufficient taxable amount in future for part of subsidiaries, not confirming deferred income tax assets.

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

(3) Deductible difference

Item	Amount
Account receivables Bad debt provision	32,019,026.23
Other account receivable Bad debt provision	3,823,405.07
Depreciation reserve for inventory	26,496,682.96
Impairment provision for fixed assets	8,395,932.66
Projected liability	359,488,003.05
Dismiss welfare	47,790,153.12
Expenses withdrawal in advance	14,407,069.63
Subtotal	492,420,272.72

15. Impairment provision for assets

Item	Year-begin	Increase during the Period	Decrease during the Period		Period-end
			Switch-back	Other transfer-out	
Bad debt provision	47,295,608.10	19,381,929.57	56,739.74		66,620,797.93
Inventory falling price reserves	93,233,679.03	2,687,241.84		23,914,756.38	72,006,164.49
Depreciation reserve for fixed asset	16,651,875.65			655,855.06	15,996,020.59
Depreciation reserve for intangible asset	912,527.50				912,527.50
Depreciation reserve for goodwill	5,392,961.64				5,392,961.64
Total	163,486,651.92	22,069,171.41	56,739.74	24,570,611.44	160,928,472.15

16. Short-term borrowings

Type of loans	Period-end	Year-begin
Loan in pledge	459,268,050.00	45,456,805.14
Total	459,268,050.00	45,456,805.14

Short-term borrowings at period-end increase 413,811,200 Yuan over that of year-begin with 910.34% up, mainly because the short-term borrowings from parent company increased.

The Company increased borrowings this Period as follows:

(1)the Company entered into invoice financing borrowing agreement with Hefei Shouchun Luqiao Branch of Bank of Communications, with borrowing term from 12 April 2013 to 9 October 2013; RMB 450,000,000.00 was borrowed in the Period.

(2)the subsidiary Zhongshan Changhong entered into account receivables pledge borrowing agreement with

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

Foshan Ronggui Branch of China Merchants Bank, with borrowing term being 6 months from 26 April 2013 to 25 October 2013, amount of US\$ 1.5 million, RMB 9,268,050.00 in total.

17. Notes payable

Type	Period-end	Year-begin
Bank acceptance bill	1,324,879,913.25	1,268,157,043.71
Commercial acceptance bill	33,913,513.53	
Total	1,358,793,426.78	1,268,157,043.71

18. Account payable

(1) Balance of account payable

Item	Period-end	Year-begin
Total	2,339,285,831.36	1,462,293,958.34
Including: over 1 year *	65,873,253.53	28,355,592.38

Account payable at period-end increase 876,991,900 Yuan over that of year-begin with 59.97% up, mainly because prepared for the coming peak season, more procurement increased.

(2) Accounts payable to shareholders holding 5% or above voting shares of the Company

Unit	Period-end	Year-begin
Sichuan Changhong Electric Co., Ltd.	23,575,283.37	29,061,639.39

(3) Account payable denominated in foreign currency

Currency	Period-end			Year-begin		
	Original currency	Exchange rate	RMB converted	Original currency	Exchange rate	RMB converted
USD	1,390,475.15	6.1787	8,591,328.81	59,400.00	6.2855	373,358.70
EUR	59,400.00	8.0536	478,383.84	17,857.47	8.3176	148,531.29
Rupee	425,876,036.71	0.0628	26,745,015.10	216,138,296.12	0.0645	13,940,920.10
Total			35,814,727.75			14,462,810.09

(4) Account payable for related parties found in 8(3)

19. Account received in advance

(1) Balance of account received in advance

Item	Period-end	Year-begin
------	------------	------------

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Total	387,915,609.50	459,974,402.43
Including: over 1 year	54,835,434.55	53,368,282.20

(2)Accounts received in advance from shareholders holding 5% or above voting shares of the Company

Unit	Period-end	Year-begin
Sichuan Changhong Electric Co., Ltd.	21,580,163.77	354,322.89

(3)Account received in advance denominated in foreign currency

Currency	Period-end			Year-begin		
	Original currency	Exchange rate	RMB converted	Original currency	Exchange rate	RMB converted
EUR	75,132.07	8.0536	605,083.64	77,985.66	8.3176	648,653.53
USD	6,103,396.50	6.1787	37,711,055.95	4,085,312.16	6.2855	25,678,229.58
Rupee	8,901,850.00	0.0628	559,036.18	635,090.85	0.0645	40,963.36
Total			38,875,175.77			26,367,846.47

(4) Account receivable from related parties found in Note 8(3)

20. Salary payable

Item	Year-begin	Increase during the Period	Decrease during the Period	Period-end
Salary, bonus, laboring etc.	62,199,633.31	284,518,533.02	328,586,661.79	18,131,504.54
Welfare for workers and staff	100,262.75	14,288,716.84	14,388,979.59	-
Social insurance	19,413,533.15	42,834,723.75	56,065,785.68	6,182,471.22
Including: Medical insurance	5,789,949.75	10,554,386.40	13,798,989.46	2,545,346.69
Basic endowment insurance	11,476,130.30	27,725,071.80	36,749,504.25	2,451,697.85
Unemployment insurance	1,274,809.97	2,751,112.69	3,169,829.52	856,093.14
Work injury insurance	447,012.25	1,092,182.59	1,360,055.28	179,139.56
Maternity insurance	425,630.88	711,970.27	987,407.17	150,193.98
Housing accumulation fund	3,377,814.22	17,569,777.71	18,000,833.88	2,946,758.05
Labor union expenditure and personnel education expense	1,308,467.64	534,755.96	688,326.16	1,154,897.44
Non-monetary welfare		-	-	-
Dismiss welfare*	50,925,790.82	365,196.95	3,500,834.65	47,790,153.12
Other				

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Item	Year-begin	Increase during the Period	Decrease during the Period	Period-end
Including: shares payment settled with cash				
Total	137,325,501.89	360,111,704.23	421,231,421.75	76,205,784.37

Salary payable at period-end decrease 61,119,700 Yuan over that of year-begin with 44.51% down, mainly because the salary for December which was accrual for year of 2012 and annual bonus were paid in the Period.

21. Tax payable

Item	Period-end	Year-begin
Value-added tax	46,428,040.41	47,501,577.27
Business tax	236,025.36	320,352.47
Enterprise income tax	31,397,341.06	28,412,968.98
Individual income tax	1,649,701.09	1,876,738.50
Urban maintenance and construction tax	3,078,128.55	7,636,247.09
House property tax	421,487.86	2,604,208.55
Land-use right tax	298,833.69	294,573.54
Educational surtax	2,210,588.38	5,599,587.15
Stamp tax	455,283.76	623,259.66
Construction fund of Water Conservancy Projects	558,279.18	1,063,727.28
Treatment fund for abandon electric & electronics products	19,105,975.00	13,458,088.00
Other	1,656,788.93	1,715,344.67
Total	107,496,473.27	111,106,673.16

22. Dividends payable

Unit	Period-end	Year-begin	Reasons of unpaid over one year
Entrust Hefei Office of Provincial ABC	169,067.25	169,067.25	
Bank of Communications, Hefei Branch	153,697.50	153,697.50	
City Insurance company	93,926.25	93,926.25	
Hefei Technology Bank	92,088.75	92,088.75	
Other piecemeal units	1,011,481.52	1,042,822.55	
Total	1,520,261.27	1,551,602.30	

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

23. Other payable

(1) Balance of other payable

Item	Period-end	Year-begin
Total	1,073,340,052.52	826,111,040.95
Including: over 1 year *	47,235,845.95	41,142,784.55

* Amount with over one year age refers to margins payable to suppliers.

(2) Other payable to shareholders holding 5% or above voting shares of the Company

Unit	Period-end	Year-begin
Sichuan Changhong Electric Co., Ltd.	13,399,630.70	5,756,532.91

(3) Other account payable denominated in foreign currency

Currency	Period-end			Year-begin		
	Original currency	Exchange rate	RMB converted	Original currency	Exchange rate	RMB converted
Rupee	11,493,285.40	0.0628	721,778.32	2,740,183.88	0.0645	176,741.86
Total			721,778.32			176,741.86

(4) Other payable to related party found more in “8(3)”

24. Non-current liability due within one year

Item	Period-end	Year-begin
Deferred income transfer to gains and losses within one year	8,709,083.76	7,777,304.72
Total	8,709,083.76	7,777,304.72

25. Long-term loans

(1) Classification of long-term loans

Type	Period-end	Year-begin
Loan in mortgage	125,120,000.00	125,760,000.00
Loan in credit	5,354,600.00	5,354,600.00
Total	130,474,600.00	131,114,600.00

(2) Long-term loans at period –end

Loan unit	Borrowing day	Returning day	Currency	Interest rate	Period-end	Year-begin
Ministry of Finance of Hefei ^{Note1}	2006-11-09	2021-11-08	RMB	3.55%	5,120,000.00	5,760,000.00
Ministry of Finance of Hefei ^{Note2}	2002-11-21	2017-11-20	RMB	3.30%	3,254,600.00	3,254,600.00
Ministry of Finance of Hefei ^{Note3}	2004-12-10	2019-12-10	RMB	3.30%	2,100,000.00	2,100,000.00

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Anhui Branch of Export-Import Bank ^{Note 4}	2012-07-24	2014-07-24	RMB	4.20%	120,000,000.00	120,000,000.00
Total					130,474,600.00	131,114,600.00

Note1: In August of 2006, the Company signed Asset Mortgage Agreement with Ministry of Finance of Hefei. It takes five industry crusher chambers which cover an area of 2,322.98 square meters (Details could be found in Fixed assets for mortgage in the Appendix VIII and X) as mortgage for the Company to get the lending of treasury bond fund which has 15-year term and worthy of RMB 7,040,000 from the Ministry of Finance of Hefei. The capital on-lending began to bear interest from the appropriate date (9 November 2006), which would be paid by stages in the loan period to Ministry of Finance of Hefei by the Company. The first four years were grace period, during which the annual interest rate was subject to floating interest rate (the annual interest rate was the annual interest rate of one year fixed deposit plus 0.3%). The principal RMB640,000.00 and interest RMB 135,224.78 were paid in this Period.

Note2: On November 1, 2002, the Company signed Agreement on Lending of Treasury Bond for Building Project fund with Ministry of Finance of Hefei, which promised that Ministry of Finance of Hefei lending treasury bond RMB 7,160,000 of the technology reform project of nanometer preservation material to the Company with the return time limit of 15 years. The capital on-lending began to calculate the interest from the appropriate date (November 21, 2002), which would be paid by stages in the loan period to Ministry of Finance of Hefei by the Company. The first four years were grace period, in which the annual interest rate was subject to floating interest rate after year 1999 (the annual interest rate was the annual interest rate of one year fixed deposit plus 0.3%). The interest paid in this Period was RMB59,125.22

Note3: It was the special treasury bond capital appropriated by Ministry of Finance of Hefei for enterprises' information reform, received on Dec. 10th, 2004. The interest paid in this Period was RMB 38,150.00.

Note 4: on 24 July 2012, the Company signed real estate pledge contract with the Export-Import Bank of China, pursuant to which, the Company obtained loan of RMB120 million from the bank with land of 477,550 square meters (note 8) as the pledge, and the borrowing term was 2 years. On 24 July 2012, the Company signed borrowing contract (high-tech product export seller credit) with the Export-Import Bank of China, with the borrowing term being 24 months, interest rate being the export seller credit rate prescribed by People's Bank of China which was determined for each quarter. The annual interest rate of the contract for the first quarter was the export seller credit rate as of the initial lending date. As to the annual interest rate applicable for each quarter, it shall be executed under the loan rate prescribed by People's Bank of China at that time. The borrowing shall be repaid with principal within the borrowing term as provided in the borrowing contract with the original currency under repayment schedule.

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

26. Accrued liability

Item	Year-begin	Increase during the Period	Carry-forward during the period	Period-end
Product quality guarantee	11,035,757.79			11,035,757.79
Guarantee fund for quality service	350,120,523.59	685,902.00	2,354,180.33	348,452,245.26
Total	361,156,281.38	685,902.00	2,354,180.33	359,488,003.05

Product quality deposit is the maintenance expense provided by the Company under the national policy, while quality service special guarantee capital is the warranty costs provided for product quality in addition to such policy.

27. Other non-current liabilities

Item	Period-end	Year-begin
Deferred income	96,487,904.03	92,645,296.80

(1) The Company received special subsidy of RMB5,872,500.00 in respect of freezer capacity expansion of Meiling Hi-Tech Industrial Park this Period. According to the depreciation limit of the equipments of freezer capacity expansion project, deferred income of RMB 367,031.00 was carried forward to non-operating revenue this Period. RMB 734,062.00 which will be carried forward to profit and loss next year has been reclassified as non-current liabilities due within one year.

(2) Government subsidy:

Type of subsidy	Book balance at period-end		Amount reckon into current gain/loss	Amount return this year	Reasons for return
	Amount listed in other non-current liability	Amount listed in other current liability			
Subsidy for promotion project of conditioner for energy-saving rooms	63,600.00				
Demolition compensation of Hefei Meiling	53,316,546.22	2,654,171.12	1,281,150.46		
Specific fund for technology reform	21,415,625.00	3,337,500.00	1,668,750.00		
Demolition compensation of Jiangxi Meiling	13,710,232.87	1,983,350.64	991,675.21		
Adaptability improvement of new refrigerant production subsidy for R290 project /D52/13-R29	2,966,215.93				
Adaptability improvement of new refrigerant production subsidy for R410A project /D52/13-R410A	244,277.01				
Subsidy for freezer capacity expansion of Meiling Hi-Tech Industrial Park	4,771,407.00	734,062.00	367,031.00		
Total	96,487,904.03	8,709,083.76	4,308,606.67		

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

28. Share capital

Shareholders / type	Year-begin		Change during the Period					Period-end	
	Amount	Ratio(%)	New shares issued	Bonus share	Shares transferred from capital reserve	Other	Subtotal	Amount	Ratio (%)
Shares with conditional subscription	66,468,273	8.70				-1,138,205	-1,138,205	65,330,068	8.55
State-owned shares									
State-owned legal person shares	57,030,632	7.46				-721,396	-721,396	56,309,236	7.37
Other domestic shares	9,437,641	1.24				-416,809	-416,809	9,020,832	1.18
Including: Domestic legal person shares	9,209,254	1.21				-312,607	-312,607	8,896,647	1.16
Domestic natural person shares	228,387	0.03				-104,202	-104,202	124,185	0.02
Foreign shares									
Including: Foreign legal person shares									
Foreign natural person shares									
Executives' shares									
Shares with no restricted condition	697,270,932	91.30				1,138,205	1,138,205	698,409,137	91.45
RMB common shares	534,406,932	69.98				1,138,205	1,138,205	535,545,137	70.13
Domestically listed foreign shares	162,864,000	21.32						162,864,000	21.32
Overseas listed foreign shares									
Other									
Total shares	763,739,205	100.00						763,739,205	100.00

On 5 February 2013, the 6th batch of circulating shares with restricted condition after the implementation of equity division reform were released from restriction and listed for trading. Four shareholders were released in total with 1,138,205 shares released, representing 0.149% of the total share capital of the Company.

29. Capital reserve

Item	Year-begin	Increase during the Period	Decrease during the Period	Period-end
Share premium	1,434,501,832.59		234,942.68	1,434,266,889.91
Other capital reserve	48,080,558.82			48,080,558.82
Total	1,482,582,391.41		234,942.68	1,482,347,448.73

30. Surplus reserves

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Item	Year-begin	Increase during the Period	Decrease during the Period	Period-end
Statutory surplus reserve	209,393,055.00			
Discretionary surplus reserve	115,607,702.16			
Total	325,000,757.16			

31. Retained profit

Item	Amount	Withdraw or distribution ratio
Amount at the period-end of last year	385,744,261.05	
Add: adjustment from undistributed profit at year-begin		
Including: change of accounting policy		
Correction of former material error		
Change of combination scope under common control		
Other adjustment factors		
Amount at the beginning of this year	385,744,261.05	
Add: Current period Net profit attributable to shareholders of parent company	135,691,575.62	
Deficit coverage of surplus reserve		
Less: withdraw of statutory surplus reserve		
withdraw of discretionary surplus reserve		
Withdraw of general risk provision		
Dividend payable for ordinary shares		
Dividend of ordinary shares transferred to share capital		
Amount at the period-end of this year	521,435,836.67	-

32. Minority shareholder's equity

Subsidiary	Minority shareholding ratio at period-end	Period-end	Year-begin
Zhongke Meiling Cryogenic Technology Co., Ltd.	30%	23,760,394.44	22,832,709.71
Hefei Meiling Appliance Marketing Co., Ltd.	Found in 5."Sybsidiaries"	-10,114,657.40	-1,463,447.04
Zhongshan Changhong Appliance Co., Ltd.	Found in 5."Sybsidiaries"	4,816,325.15	4,313,006.67
Total		18,462,062.19	25,682,269.34

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

33. Operation income, operation cost

(1) Operation income and operation cost

Item	Current amount	Amount at same period of last year
Main business revenue	5,702,567,111.50	5,137,875,700.69
Other business revenue	248,877,463.82	174,734,822.43
Total	5,951,444,575.32	5,312,610,523.12
Main business cost	4,296,706,938.50	3,886,517,715.35
Other business revenue	229,647,164.73	157,459,482.91
Total	4,526,354,103.23	4,043,977,198.26

2) Main business- by products

Product	Current amount		Amount at same period of last year	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator and freezer	3,698,006,881.56	2,769,769,582.32	3,524,512,428.36	2,608,915,664.41
Air-condition	1,864,585,839.05	1,416,148,573.24	1,480,247,536.02	1,159,935,393.63
Washing machine	69,580,523.51	59,340,139.19	68,173,774.95	54,339,892.93
Other	70,393,867.38	51,448,643.75	64,941,961.36	63,326,764.38
Total	5,702,567,111.50	4,296,706,938.50	5,137,875,700.69	3,886,517,715.35

(3) Main business- by sales region

Region	Current amount		Amount at same period of last year	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	4,868,852,134.59	3,521,005,994.95	4,522,151,494.79	3,289,722,049.67
Overseas	833,714,976.91	775,700,943.55	615,724,205.90	596,795,665.68
Total	5,702,567,111.50	4,296,706,938.50	5,137,875,700.69	3,886,517,715.35

(4) Top five clients have income in sales of 1,635,825,060.07 Yuan in total, a 27.48 percent in total operation income.

34. Operation tax and surcharge

Item	Current amount	Amount at same period of last year
City construction tax	15,644,928.65	16,862,415.25
Extra charge for education	11,330,468.22	12,089,201.44
Treatment fund for abandon electrics & electronics	30,888,833.00	
Operation tax	477,497.84	14,137,344.39

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

Other	201,607.13	83,998.68
Total	58,543,334.84	43,172,959.76

Current operation tax and surcharge increase 15,370,400 Yuan over same period of last year with 35.60% up, mainly because the accrual increased in the Period and disposal fund for scrap electronic products paid in the Period while no such charge at last year.

35. Sales expense

Item	Current amount	Amount at same period of last year
Market support	436,564,359.07	339,055,305.97
Transport expenses	191,868,113.44	199,129,238.65
National three guarantees expense	54,245,396.05	46,931,957.86
Expenses accrual in advance of 10-year quality warranty service for appliances to the countryside	685,902.00	36,632,756.61
Salary and surcharge and social insurance	112,209,267.28	94,212,491.37
Advertisement expenses	29,400,948.05	30,090,962.25
Air conditioner installation fee	108,349,023.43	71,445,465.30
Operation activities expenses	8,753,131.66	7,552,947.70
Exhibition expenses	15,844,172.74	19,644,900.61
Storage lease expenses	43,769,365.52	38,272,491.42
Travelling expenses	14,063,332.39	12,001,834.82
Meeting organization	7,427,498.05	4,619,066.14
House-lease expenses	2,610,063.78	3,352,543.45
Communication expenses	2,763,161.84	3,066,357.33
Vehicle consumption	3,266,491.31	2,397,756.34
Office expenses	967,528.61	795,599.73
Consumption of machinery materials	8,031.10	9,388.91
Depreciation expenses	1,687,634.44	1,807,933.25
Other expenses	14,723,261.75	26,838,501.26
Total	1,049,206,682.51	937,857,498.97

36. Administration expense

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

Item	Current amount	Amount at same period of last year
Salary and surcharge	61,832,994.85	63,720,572.23
Amortized intangible assets	13,287,151.98	11,766,359.78
Social insurance and housing reserves	14,288,436.62	13,006,755.63
Tax	12,376,103.28	10,457,725.59
Trial fee of R&D	8,806,308.66	9,417,303.98
Depreciation	10,339,403.84	7,347,161.52
Utilities	4,546,969.58	3,509,287.66
Inspection and authentication fee	1,885,262.87	2,056,761.15
Domestic travelling fee	4,648,335.81	3,650,680.99
Use charge of software	548,826.15	400,752.79
Business activities	4,269,693.32	4,255,274.65
Assets leasing	694,868.49	674,742.69
Property insurance	822,430.56	411,832.29
Funds of Board	443,179.72	556,666.22
Office charge	2,677,841.70	2,793,770.21
Other	28,486,354.11	24,885,894.38
Total	169,954,161.54	158,911,541.76

37. Financial expense

Item	Current amount	Amount at same period of last year
Interest expenditure	9,649,962.36	4,219,580.96
Less: Interest income	22,460,895.75	11,932,542.50
Add: exchange loss	-3,234,754.22	-10,711,606.88
Add: procedure charge expenditure	3,142,405.62	2,325,279.14
Add: discount expenditure	-21,313,542.04	-17,447,220.62
Add: other expenditure	-2,024,101.86	-1,040,468.55
Total	-36,240,925.89	-34,586,978.46

38. Assets impairment loss

Item	Current amount	Amount at same period of last year
Bad debt losses	19,325,189.83	17,856,046.92

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Item	Current amount	Amount at same period of last year
Provision for falling price of inventory	2,687,241.84	19,263,644.39
Total	22,012,431.67	37,119,691.31

Current assets impairment loss decreases 15,107,300 Yuan over same period of last year with 40.70% down, mainly because inventory turnover ratio growth in the Period and the inventory with long period in stock decreased.

39. Investment income

(1) Sources of investment income

Item	Current amount	Amount at same period of last year
Long-term equity investment income by cost method	1,153,869.48	1,073,757.30
Long-term equity investment income by equity method	-593,240.24	-812,793.39
Investment income from disposal of long-term equity investment	190,660.44	
Investment income from period of holding financial assets available for sale		
Investment income from disposal of financial assets available for sale		
Total	751,289.68	260,963.91

Current investment income increase 490,300 Yuan over same period of last year with 187.89% up, mainly because part of the associated enterprises gains a y-o-y decreased in losses and earnings from part of the associated enterprises increased y-o-y.

(2) Long-term equity investment income by cost method

Item	Current amount	Amount at same period of last year
Huishang Bank Co., Ltd.	1,073,757.30	1,073,757.30
Guangyuan Meiling Appliance Marketing Co., Ltd.	80,112.18	
Total	1,153,869.48	1,073,757.30

(3) Long-term equity investment income by equity method

Item	Current amount	Amount at same period of last year
------	----------------	------------------------------------

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Hefei Meiling Solar Energy Technology Co., Ltd.	-964,644.78	-768,399.40
Hefei Xingmei Assets Management Co.,Ltd.	211,404.54	175,797.67
CHANGHONG RUBA ELECTRIC COMPANY (PRIVATE) LIMITED	160,000.00	-220191.66
Total	-593,240.24	-812,793.39

(4) Investment income arising from disposal of long-term equity investment

Item	Current amount	Amount at same period of last year
Changzhou Meiling Appliance Marketing Co., Ltd.	175,788.73	
Haozhou Meiling Appliance Marketing Co., Ltd.	14,871.71	
Total	190,660.44	

40. Non-operation revenue

(1) Non-operation revenue

Item	Current amount	Amount at same period of last year
Gains from disposal of non-current assets	137,952.34	152,002.92
Including: gains from disposal of fixed assets	137,952.34	152,002.92
gains from disposal of Intangible assets	-	-
Government subsidy	8,284,145.67	4,237,836.91
Income of penalty	426,985.10	144,666.02
Other	168,055.56	45,143.59
Total	9,017,138.67	4,579,649.44

Current non-operation revenue increase 4.4375 million Yuan over same period of last year with 96.90% up, mainly because the government subsidy recognized in the Period increased year-on-year.

(2) Government subsidy

Item	Current amount	Amount at same period of last year	Source and basis
Air conditioning energy saving and civil-benefit subsidy	265,200.00		Fiscal subsidy funds for the promotion of energy-efficient air-condition of the project of energy-saving products and civil-benefit
Rewards for innovative enterprise	1,207,700.00		“Notification (Trial) of May Policy Measures on Further Independent Innovation for Undertaking Industrial Transfer in Hefei City” He Zheng [2012]

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

			No.: 53 and He Zheng [2012] No.: 52
Tax rebates	483,175.83	510,000.00	Tax reward of Management Committee, economy development zone He Jing Qu Jing [2013] No.: 14
Transferred-in deferred income	4,308,606.67	1,227,304.11	
A one-time reward for technology center of the excellent enterprises		359,000.00	Excellent reward for R&D institute and evaluation which was identified newly
A one-time reward for participation of the national standard setting		300,000.00	Standard setting reward
R&D and application subsidy of technology platform for smart air-condition	900,000.00		Mian Cai Jian[2013] No.: 29
2011 subsidy of transformation for key technology in Mianyang		300,000.00	Mian Cai Jian[2011] No.: 217
Industrialization development of the accuracy temperature-controlled efficiency DC inverter air-condition		500,000.00	Mian Ke Fa [2012] No.: 17
Quota funding of patent application	36,800.00		Subsidy from Office of Science and Technology Hefei Municipal 10061479 quota funding patent application
Fund for charges of foreign talent engaged		250,000.00	Notification Policy: He Zhen [2011] No.:54
Other government grant etc.	1,082,663.17	791,532.80	
Total	8,284,145.67	4,237,836.91	

41.Non-operation expenses

Item	Current amount	Amount at same period of last year
Loss from disposal of non-current assets	3,304,049.48	5,333,936.81
Incl.: loss from disposal of fixed assets	3,304,049.48	5,333,936.81
loss from disposal of Intangible assets		
External donation	3,000.00	

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Penalty and late fee	108,630.70	196,241.46
Other	48,118.12	95,640.53
Total	3,463,798.30	5,625,818.80

Current non-operation expense decreases 2.162 million Yuan over same period of last year with 38.43% down, mainly because disposal of non-current assets in the Period decreased.

42. Income tax expense

Item	Current amount	Amount at same period of last year
Current income tax	35,448,620.28	31,829,543.35
Deferred Income Tax	642,684.80	-17,963,582.33
Total	36,091,305.08	13,865,961.02

43. Calculation for basic earnings per share and diluted earnings per share

Item	Serial	Current amount	Amount at same period of last year
Net profit attributable to shareholders of parent company	1	135,691,575.62	110,855,042.20
Non-recurring gains and losses attributable to parent company	2	5,050,878.04	-781,743.71
Net profit attributable to shareholders of parent company after deduction of non-recurring gains and losses	3=1-2	130,640,697.58	111,636,785.91
Total shares at the beginning of the year	4	763,739,205.00	636,449,338.00
Additional share capital transferred from public reserve or additional shares from shares dividend distribution (I)	5		
Additional shares from issuing new shares or debt-converted shares(II)	6		
Accumulative months of the additional shares(II) commencing from the next month till the end of the year	7		
Decreased shares due to repurchase	8		
Accumulative months of the decreased shares commencing from the next month till the end of the year	9		
Decreased shares due to share shrink	10		

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Mouths during the report period	11		
Weighted average of ordinary shares issued	$12=4+5+6\times7\div11-8\times9\div11-10$	763,739,205.00	636,449,338.00
Basic earnings per share(I)	$13=1\div12$	0.1777	0.1742
Basic earnings per share(II)	$14=3\div12$	0.1711	0.1754
Diluted potential ordinary shares dividend recognized as expense	15		
Conversion expense	16		
Income tax rate	17	15%	15%
weighted average of ordinary shares added through warrant, exercise of option and convertible bonds	18		
Diluted earnings per share(I)	$19=[1+(15-16)\times(1-17)]\div(12+18)$	0.1777	0.1742
Diluted earnings per share(II)	$20=[3+(15-16)\times(1-17)]\div(12+18)$	0.1711	0.1754

44. Other comprehensive income

Item	Current amount	Amount at same period of last year
1. gains (losses) arising from financial assets available for sale		
Less: affect of income tax arising from financial assets available for sale		
Net, written in other comprehensive income in previous period and carried forward to gains and losses in current period		
Subtotal		
2. Share in other comprehensive income of invested units by equity method		
Less: affect of income tax arising from Share in other comprehensive income of invested units by equity method		
Net, written in other comprehensive income in previous period and carried forward to gains and losses in current period		
Subtotal		
3. gains (losses) arising from cash flow hedge instruments		
Less: affect of income tax arising from cash flow hedge instruments		
Net, written in other comprehensive income in previous period and carried forward to gains and losses in current period		
Adjustment, converted to initial recognition amount of projects in hedge		
Subtotal		
4. Conversion difference arising from foreign currency financial statement	-291,859.80	-696,806.42
Less: net, carried forward to gains and losses in current period after disposing overseas operation		-

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

Item	Current amount	Amount at same period of last year
Subtotal	-291,859.80	-696,806.42
5. Other		
Less: affect of income tax arising from others which are written in other comprehensive income		
Net, others written in other comprehensive income in previous period and carried forward to gains and losses in current period		
Subtotal		
Total	-291,859.80	-696,806.42

45. Items to cash flow statement

(1) Cash received (paid) from (for) other activities relating to operation/investment/financing

1) Cash received from other activities relating to operation

Item	Current amount
Collecting subsidy of Energy-saving & civil-benefit	59,290,000.00
Government subsidy	4,545,307.29
ender bond	1,762,440.56
Other	6,311,166.12
Total	71,908,913.97

2) Cash paid for other activities relating to operation:

Item	Current amount
Market support fee paid	94,595,517.64
Installation fee paid	51,076,379.13
Subsidy of energy-saving and civil-benefit pay for another	41,735,453.00
Advertisement paid	25,972,472.02
Domestic business travelling fee paid	22,966,827.46
Employee's reserve fund paid	11,637,412.39
Business activity paid	10,414,420.97
Meetings organization fee paid	7,069,628.44
Exhibition charge paid	5,637,366.18
Storage lease expense paid	3,537,341.22
Other expenses	105,804,681.83
Total	380,447,500.28

3) Cash received from other activities relating to investment

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

Item	Current amount
Interest income arising from bank savings	22,460,863.18
Government subsidy received with project concerned	9,082,992.94
Other	567,677.00
Total	32,111,533.12

- 4) Cash paid for other activities relating to investment: Nil.
5) Cash received from other activities relating to financing: Nil.
6) Cash paid for other activities relating to financing: Nil

(2)Supplementary information about consolidated cash flow statement

1 . Net profit is adjusted to cash flow of operation activities:	Current amount	Amount at same period of last year
Net profit	131,828,112.39	111,507,445.05
Add: provision for depreciation of assets	10,989,676.33	37,119,691.31
Depreciation of fixed assets, consumption of oil gas assets and depreciation of productive biological assets	64,281,368.42	52,284,463.48
Amortization of intangible assets	13,287,151.98	23,483,817.85
Amortization of long-term retained expense		-
Loss from disposal of fixed assets, intangible assets and other long term assets(gain is listed with "-")	3,166,097.14	-34,755.69
Loss from discarding fixed assets as useless (gain is listed with "-")		5,216,689.58
Loss from change of fair value(gain is listed with "-")		-
Financial expense (gain is listed with "-")	-12,810,933.39	-7,712,961.54
Investment loss (gain is listed with "-")	-751,289.68	-260,963.91
Decrease of deferred income tax assets (increase is listed with "-")	642,684.80	-17,963,582.33
Increase of deferred income tax liabilities (decrease is listed with "-")		-
Decrease of inventories (increase is listed with "-")	93,176,629.62	378,701,851.04
Decrease of operational accounts receivable (increase is listed with "-")	-1,498,077,276.51	-1,383,917,065.74
Increase of operational accounts payable (decrease is listed with "-")	1,050,969,221.13	541,031,080.37
Other		-
Net cash flow arising from operation activities	-143,298,557.77	-260,544,290.53
2. Significant investment and financing activities with no reference to cash collection and payment:		
Debt convert to capital		
Convertible bond due within one year		

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Fixed assets leased in by financing		
3. Net change in cash and cash equivalent:		
Balance of cash at period-end	1,956,450,071.91	1,166,845,074.91
Less: Balance of cash at period-begin	1,701,307,578.13	1,401,674,679.41
Add: Balance of cash equivalent at period-end		-
Less: Balance of cash equivalent at period-begin		-
Net increase in cash and cash equivalent	255,142,493.78	-234,829,604.50

(3) Relevant information about acquiring or disposing subsidiaries or other operation units in previous years: Nil

(4) Cash and cash equivalent

Item	Current amount	Amount at same period of last year
Cash	1,956,450,071.91	1,166,845,074.91
Including: stock cash	329,859.54	1,073,493.68
Bank deposit available for payment at any time	1,372,590,331.02	860,055,857.75
Other monetary capital available for payment at any time	583,529,881.35	305,715,723.48
Deposit in central bank available for payment		
Deposit from other banks		
Call loans to banks		
Cash equivalent		
Including: bond investment due within 3 months		
Balance of cash and cash equivalent at period-end	1,956,450,071.91	1,166,845,074.91
Including: restricted cash and cash equivalent used by parent company or subsidiaries		

46. Items to statement of change of shareholders' equity

(1) "Other" items of amount at end of last year: Nil

(2) Other projects with significant amount in "III. (VII) Other" items listed in Statement of Changes of Shareholders' Equity: Nil

VII. Accounting treatment for assets securitization: Nil

VIII. Related parties and related transaction

(I) Relationship of related parties

1. Controlling shareholder and ultimate controller

(1) Controlling shareholder and ultimate controller

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Controlling shareholder and ultimate controller	Type	Register place	Business nature	Legal rep.	Organization code
Sichuan Changhong Electric Co., Ltd.	Stock company	Mianyang	Manufacture and sales	Zhao Yong	20541230-8
Sichuan Changhong Electronics Group Co., Ltd.	Limited company	Mianyang	Manufacture and sales	Zhao Yong	72081866-0

(2) Register capital and change thereof of controlling shareholder

Controlling shareholder	Year-begin	Increase during the Period	Decrease during the Period	Period-end
Sichuan Changhong Electric Co., Ltd.	4,616,244,222			4,616,244,222

(3) Shares held by the controlling shareholder and its changes on equity (including shares held directly/indirectly)

Controlling shareholder	Amount of shares held		Shareholding ratio	
	Amount at period-end	Amount at year-begin	Ratio at period-end	Ratio at year-begin
Sichuan Changhong Electric Co., Ltd.	164,828,330	164,828,330	24.88%	24.88%

2. Subsidiaries

More details of subsidiary found in Annotation 5(I).

3. Affiliated enterprise

Invested unit	Type	Register place	Business nature	Legal rep.	Register capital	Shareholding ratio	Organization code
Hefei Meiling Solar Energy Technology Co., Ltd.	Limited company	Feidong County	Manufactures and sales	Ren Sheming	RMB 9.5 million	32.751%	73733490-2
Hefei Xingmei Assets Management Co., Ltd.	Limited company	Hefei City	Consultant, agent, renting and property management	Huang Youzhi	RMB 1 million	48.28%	57851196-6
Changhong Ruba Electric Company(Private) Ltd.	Privately Limited company	Pakistan	Manufactures and sales		US\$4 million	40.00%	N/A

4. Other related parties

Type of related relationship	Related parties	Main business	Organization code
Other enterprises under control from the same controlling shareholder or terminal controller -			
	PT.CHANGHONG ELECTRIC INDONESIA	Sales	N/A
	Chengdu Lejiayi Trading Co., Ltd.	Sales	79782546-3
	Fuzhou Lejiayi Trading Co., Ltd.	Sales	67652028-4

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Type of related relationship	Related parties	Main business	Organization code
	Guangdong Changhong Electrics Co., Ltd.	Purchase ,Sales	78940429-8
	Guangdong Changhong Digital Technology Co., Ltd.	Utilities provided	78940429-8
	Hefei Changhong Industrial Co., Ltd.	Sales	66621592-1
	Huayi Compressor Co., Ltd.	Purchase ,Sales	70562223-x
	Jinan Lejiayi Trading Co., Ltd.	Sales	67227469-6
	Jiangxi Changhong Electronic Technology Development Co., Ltd.	Sales	667483178
	Kunming Yijiahong Trade Co., Ltd.	Sales	67656328-4
	Lejiayi Chain Management Co., Ltd.	Sales	66535156-9
	Mianyang Hongfa Mould Design Co., Ltd.	Purchase ,Sales	79582077-3
	Mianyang Lejiayi Trading Chain Co., Ltd.	Sales	665391552
	Sichuan Hongou Display Device Co., Ltd.	Sales	66275681-9
	Sichuan Hongrui Electrics Co., Ltd.	Sales	68237616-X
	Sichuan CCO Display Technology Co., Ltd.	Sales	66968647-0
	Sichuan Hongxin Software Co., Ltd.	Purchase , Labor service received	671440445
	Sichuan Changhong Packing & Printing Co., Ltd.	Purchase	79399834-0
	Sichuan Changhong Power Co., Ltd.	Purchase	205418582
	Sichuan Changhong Electronic System Co., Ltd.	Sales	779839036
	Sichuan Changhong Jijia Jinggong Co., Ltd.	Purchase ,Sales	793998375
	Sichuan Changhong Precision Electronic Technology Co., Ltd.	Purchase ,Sales	79399836-7
	Sichuan Changhong Minsheng Logistic Co., Ltd.	Transportation, leasing	79785892-7
	Sichuan Changhong Mold Technology Co., Ltd.	Purchase ,Sales	782291526
	Sichuan Changhong Devices Technology Co., Ltd.	Purchase	793998359
	Sichuan Changhong New Energy Technology Co., Ltd.	Purchase ,Sales	79399394-5
	Taiyuan Lejiayi Trade Chain Co., Ltd.	Sales	779841582
	Tianjin Lejiayi Trade Co., Ltd.	Sales	67371694-3
	CHANGHONGELECTRIC(AUSTRA)	Sales	N/A
	Zhongshan Guanghong Mold Technology Co., Ltd.	Purchase	69226840
	Chongqing Hongshenghuo Trading Co., Ltd.	Sales	69226840

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Type of related relationship	Related parties	Main business	Organization code
	081 Electronic Group Sichuan Liyuan Electronic Co., Ltd.	Purchase	205809540
	Mianyang Hongrun Electronic Co., Ltd.	Purchase	769966197
	Changhong (Hong Kong) Trading Co., Ltd.	Sales	N/A
	Sichuan Kuaiyidian Appliance Service Chain Co., Ltd.	Sales	66744793
	Wandone Network Technology Co., Ltd.	Sales	55644636-6
	CHANGHONG ELECTRIC MIDDLE EAST FZE	Sales	N/A
	Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Sales	556427608
	BVCH Optronics (Sichuan) Co., Ltd.	Purchase	69226840-2
	Xi'an Lejiayi Trade Co., Ltd.	Sales	67328229-2
	Sichuan Huafeng Corp. Group	Sales	20540125-4
	Sichuan Changhong International Hotel Co., Ltd.	Sales	720818652
	Sichuan Changhong Xinrui Technology Co., Ltd.	Purchase	66276762-2
Affiliated enterprise of controlling shareholder and actual controller			
	Sichuan Changxin Refrigeration Parts Co., Ltd.	Purchase ,Sales	779841582
	Sichuan Hongyu Metal Manufacture Co., Ltd.	Purchase	665361804
	Sichuan Changhong Dongyuan Precision Equipment Co., Ltd.	Purchase	795816686
	Anhui Xinhao PDPs Co., Ltd.	Sales	689786153
Joint-venture and affiliated of Subsidiary			
	Haozhou Meiling Appliance Marketing Co., Ltd.	Sales	698966527
	Changzhou Meiling Appliance Marketing Co., Ltd.	Sales	550268036
	Guangxi Meiling Home Appliances Co., Ltd.	Sales	552250948
	Guangyuan Meiling Appliance Marketing Co., Ltd.	Sales	699154600
	Jiujiang Meiling Appliance Marketing Co., Ltd.	Sales	696096089
	Xuancheng Meiling Appliance Marketing Co., Ltd.	Sales	556318284
	Buyang Meiling Appliance Marketing Co., Ltd.	Sales	56635286-5

(II) Related transaction

1. Purchase commodities

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Type of related parties and names of related parties	Current amount (10 thousand Yuan)	Amount at same period of last year (10 thousand Yuan)
Controlling shareholder and ultimate controller		
Including: Sichuan Changhong Electric Co., Ltd.	6,081.61	4,635.26
Sichuan Changhong Electronics Group Co., Ltd.		
Other enterprises under control from the same controlling shareholder or terminal controller -		
Including: Huayi Compressor Co., Ltd.	36,107.46	24,256.98
Sichuan Changhong Mold Technology Co., Ltd.	18,300.48	13,502.88
Sichuan Changhong Jijia Jinggong Co., Ltd.	8,490.76	9,710.39
Mianyang Hongfa Mould Design Co., Ltd.	3.50	
Sichuan Changhong Packing & Printing Co., Ltd.	1,758.07	1,454.17
Sichuan Changhong Precision Electronic Technology Co., Ltd.	191.30	144.38
Sichuan Changhong Devices Technology Co., Ltd.		688.76
Sichuan Changhong New Energy Technology Co., Ltd.	35.52	33.42
081 Electronic Group Sichuan Liyuan Electronic Co., Ltd.	673.79	374.66
Mianyang Hongrun Electronic Co., Ltd.	573.22	439.46
Guangdong Changhong Electrics Co., Ltd.	19.40	23.57
Zhongshan Guanghong Mold Technology Co., Ltd.		9.84
Mianyang Hongfa Technology Co., Ltd.	4.41	
Guangdong Changhong Digital Technology Co., Ltd.	7.84	
Sichuan Changhong Electronic Devices Co., Ltd.	1,961.00	
Sichuan Changhong Xinrui Technology Co., Ltd.	272.16	
Affiliated enterprise of controlling shareholder and actual controller :		
Including: Sichuan Hongyu Metal Manufacture Co., Ltd.	9.40	11.92
Sichuan Changxin Refrigeration Parts Co., Ltd.	6,882.94	5,442.90
Sichuan Changhong Dongyuan Precision Equipment Co., Ltd.	2,038.47	508.78
Sichuan Changhe Technology Co., Ltd.		86.35
Sichuan Jinghong Package Products Co., Ltd.		749.97

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Type of related parties and names of related parties	Current amount (10 thousand Yuan)	Amount at same period of last year (10 thousand Yuan)
Total	83,411.33	62,073.69

Concerning good purchasing of the Company, except for the material scarcity provided and major materials with stable supplying, bidding purchase for goods with over RMB 10,000 while bargaining purchase for goods with less than RMB 10,000. The related parties and non-related parties all in the procedures of bidding with the same pricing policy

2. Sales of commodities

Type of related parties and names of related parties	Current period		Same period of last year	
	Amount (10 thousand Yuan)	Ratio (%)	Amount (10 thousand Yuan)	Ratio (%)
Controlling shareholder and ultimate controller				
Including: Sichuan Changhong Electric Co., Ltd.	71,470.33	12.01	77,224.47	14.54
Sichuan Changhong Electronics Group Co., Ltd.	267.46	0.04		
Other enterprise controlled by same parent company and ultimate controller				
Including: PT.CHANGHONG ELECTRIC INDONESIA	2,977.40	0.50	3,563.76	0.67
Sichuan Changhong Jijia Jinggong Co., Ltd.	1,814.08	0.30	1304.50	0.25
Sichuan Changhong Mold Technology Co., Ltd.	5,577.96	0.94	2374.22	0.45
Sichuan CCO Display Technology Co., Ltd.	55.60	0.01		
Mianyang Lejiayi Trading Chain Co., Ltd.	237.14	0.04	2.85	0.00
Changhong (Hong Kong) Trading Co., Ltd.	14.01	0.00	11.60	0.00
Sichuan Hongwei Technology Co., Ltd.	0.33	0.00		
Lejiayi Chain Management Co., Ltd.			1780.16	0.34
Sichuan Hongxin Software Co., Ltd.	2.03	0.00		
Chongqing Hongshenghuo Trading Co., Ltd.	51.91	0.01	100.36	0.02
Huayi Compressor Co., Ltd.				
Sichuan Changhong Devices Technology Co., Ltd.	0.51	0.00		
Fuzhou Lejiayi Trading Co., Ltd.				
Sichuan Hongrui Electrics Co., Ltd.			1.12	0.00
Sichuan Changhong New Energy Technology Co., Ltd.	31.62	0.01	0.17	0.00
CHANGHONGELECTRIC(AUSTRA)	716.74	0.12	1693.62	0.32
BVCH Optronics (Sichuan) Co., Ltd.				

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Type of related parties and names of related parties	Current period		Same period of last year	
	Amount (10 thousand Yuan)	Ratio (%)	Amount (10 thousand Yuan)	Ratio (%)
Guangdong Changhong Digital Technology Co., Ltd.	103.04	0.02	0.4	0.00
Sichuan Changhong Packing & Printing Co., Ltd.	0.56	0.00		
Sichuan Changhong Precision Electronic Technology Co., Ltd.			52.17	0.01
Sichuan Changhong Minsheng Logistic Co., Ltd.	22.82	0.00	30.90	0.01
081 Electronic Group Sichuan Liyuan Electronic Co., Ltd.	254.70	0.04		
Sichuan Kuaiyidian Appliance Service Chain Co., Ltd.	418.95	0.07	122.75	0.02
Sichuan Changhong Power Co., Ltd.	3.50	0.00		
Wandone Network Technology Co., Ltd.			77.19	0.01
CHANGHONG ELECTRIC MIDDLE EAST FZE	1,796.39	0.30	945.77	0.18
Sichuan Changhong Gerun Renewable Resources Co., Ltd.	45.71	0.01	8.32	0.00
Hefei Changhong Industrial Co., Ltd.	115.91	0.02		
Sichuan Changhong Development Co., Ltd.	0.80	0.00		
Zhongshan Guanghong Mold Technology Co., Ltd.			15.10	0.00
Chongqing Wandao E-Business Co., Ltd.				
Sichuan Changhong Xinrui Technology Co., Ltd.	264.52	0.04		
Affiliated enterprise of controlling shareholder and actual controller				
Including: Sichuan Changhong Dongyuan Precision Equipment Co., Ltd.	2.10	0.00	0.21	0.00
Joint-venture and affiliated				
Including: Haozhou Meiling Appliance Marketing Co., Ltd.	443.23	0.07	2,031.61	0.38
Guangyuan Meiling Appliance Marketing Co., Ltd.			940.80	0.18
Changzhou Meiling Appliance Marketing Co., Ltd.	-5.64	-0.00	663.68	0.12
Guangxi Meiling Home Appliances Co., Ltd.	5,318.43	0.89	6,388.11	1.20
Xuancheng Meiling Appliance Marketing Co., Ltd.	1,000.34	0.17	1,969.47	0.37
Jiujiang Meiling Appliance Marketing Co., Ltd.	50.49	0.01	2,590.86	0.49
Buyang Meiling Appliance Marketing Co., Ltd.	11,001.28	1.85	10,093.84	1.90
Total	104,054.27	17.48	113,988.01	21.46

Business contacts with related parties are performing under normal market business regulation and have the same situation towards other enterprises. Concerning the price purchase/sales and other

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

labor provided between the Companies and relate parties, pricing according to national price, if applicable; pricing according to market price if without no national pricing and without marketing pricing, than the price will negotiated by two parties due to the principle of actual cost plus reasonable expenses. The two parties will negotiated the price on special service while suiting no the principle of “Cost plus expense”.

3. Rent of related parties

Lessor	Lessee	Type of assets leasing	Date of starting	Date of end	Pricing basis for leasing	Leasing income recognized in this year
Hefei Meiling Co., Ltd.	Hefei Branch of Sichuan Changhong Mold Technology Co., Ltd.	Plant	2013-1-1	2013-12-31	Contract of workshop leasing	647,190.00
Hefei Meiling Co., Ltd.	Hefei Branch of Sichuan Changhong Jijia Jinggong Co., Ltd.	Plant	2013-1-1	2013-12-31	Contract of workshop leasing	233,280.00
Zhongshan Changhong Appliance Co., Ltd.	Guangdong Changhong Electrics Co., Ltd.	Trade center	2013-1-1	2013-12-31	Lease Contract	413,858.20
Zhongshan Changhong Appliance Co., Ltd.	Guangdong Changhong Digital Technology Co., Ltd.	Trade center	2013-1-1	2013-02-28	Lease Contract	41,204.80
Zhongshan Changhong Appliance Co., Ltd.	Sichuan Changhong Minsheng Logistic Co., Ltd.	Trade center	2013-1-1	2013-12-31	Lease Contract	21,136.92
Zhongshan Changhong Appliance Co., Ltd.	Nantou Branch of Sichuan Kuaiyidian Appliance Service Chain Co., Ltd.	Trade center	2013-1-1	2013-12-31	Lease Contract	17,160.00
Jiangxi Meiling Appliance Co., Ltd.	Sichuan Changhong Mold Technology Co., Ltd.	Plant leasing	2013-1-1	2014-4-30	Contract of workshop leasing	204,120.00

4. Lessee of related parties

Lessor	Lessee	Type of assets leasing	Date of starting	Date of end	Pricing basis for leasing	Leasing income recognized in this period
Sichuan Changhong Electric Co., Ltd.	Sichuan Changhong Air Conditioner Co., Ltd.	Plant	2013-1-1	2013-12-31	Contract of assts leasing	3,229,132.56

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Lessor	Lessee	Type of assets leasing	Date of starting	Date of end	Pricing basis for leasing	Leasing income recognized in this period
Sichuan Changhong Minsheng Logistic Co., Ltd.	Mianyang Meiling Refrigeration Co., Ltd.	Plant	2013-1-1	2013-12-31	Contract of workshop leasing	2,933,725.20

5. Related guarantee

(1) Guarantee to related parties from the Company: Nil

(2) Guarantee between companies in consolidation statement range:

Party providing guarantee	Party receiving guarantee	Maximized guarantee amount	Date start for guarantee	Due date for guarantee	Whether implemented or not
Hefei Meiling Co., Ltd.	Zhongshan Changhong Appliance Co., Ltd.	50,000,000.00	2012-4-23	2013-6-30	No

On 23 April 2012, the Company signed maxima assurance contract (2012-20110214G- No. 69023901) with Zhongshan Nantou Branch of the Industrial and Commercial Bank of China, with contract amount of RMB50 million, debtor (guarantee) being Zhongshan Changhong and guarantee term from 23 April 2012 to 30 June 2013. The Company provided corresponding guarantee for a series of liabilities of Zhongshan Changhong arising from bank businesses (including borrowings, bills and open of letter of credit, etc.) during the aforesaid period. Till now, each party has been executing the contract strictly, providing guarantee for foreign-currency borrowing contract, foreign exchange transfer to loan contract, bank acceptance agreement, open agreement of letter of credit, open of guarantee agreement, international and domestic trade financing agreement, forward settlement agreement and other financial derivative products agreement. As of 30 June 2013, part of the bank acceptance business in the above said guarantee still in implementation.

6. Assets transfer of related parties

Related parties	Type of related transaction	Current amount	Amount at same period of last year
Sichuan Changhong Electric Co., Ltd.	Purchasing fixed assets	9,848,769.23	645,025.00
Sichuan Hongxin Software Co., Ltd.	Purchasing fixed assets	1,414,100.00	
Sichuan Changhong Precision Electronic Technology Co., Ltd.	Purchasing fixed assets		31,881.37
Total		11,262,869.23	676,906.37
Sichuan Kuaiyidian Appliance Service Chain Co., Ltd.	Fixed assets sold	50,000.00	
Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Fixed assets sold	68,591.50	

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Related parties	Type of related transaction	Current amount	Amount at same period of last year
Sichuan Changhong Electric Co., Ltd.	Fixed assets sold		
Sichuan Changhong Mold Technology Co., Ltd.	Fixed assets sold	40,000.00	
Sichuan Changhong Minsheng Logistic Co., Ltd.	Fixed assets sold		1,515,429.10
Total		158,591.50	1,515,429.10

7. Receiving labor service

Provider	Current amount	Amount last year
Sichuan Hongxin Software Co., Ltd.	500,000.00	1,300,000.00
Sichuan Changhong Minsheng Logistic Co., Ltd.	189,294,408.44	137,507,322.33
Sichuan Kuaiyidian Appliance Service Chain Co., Ltd.	36,481,760.48	27,936,717.65
Sichuan Changhong Electric Co., Ltd.	6,380,554.84	4,866,889.82
Total	232,656,723.76	171,610,929.80

8. Utilities provided

Related party (acceptor party)	Current amount	Amount at same period of last year
Guangdong Changhong Electrics Co., Ltd.	536,599.81	375,113.52
Guangdong Changhong Digital Technology Co., Ltd.	23,367.99	67,803.38
Sichuan Changhong Minsheng Logistic Co., Ltd.	17,626.80	18,270.58
Sichuan Kuaiyidian Appliance Service Chain Co., Ltd.	1,272.40	16,020.87
Zhongshan Guanghong Mold Technology Co., Ltd.		2,830.71
Sichuan Changhong Jijia Jinggong Co., Ltd.	144,972.65	
Sichuan Changhong Mold Technology Co., Ltd.	3,251,392.03	
Total	3,975,231.68	480,039.06

9. Utilities accepted

Related party (provider party)	Current amount	Amount at same period of last year
Huayi Compressor Co., Ltd.	534,737.10	
Total	534,737.10	

(III) Balance of contact with related party

1. Account receivable of related party

Relate parties (item)	Period-end	Year-begin
Controlling shareholder and ultimate controller		

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Relate parties (item)	Period-end	Year-begin
Including: Sichuan Changhong Electric Co., Ltd.	25,257.14	529,937.38
Sichuan Changhong Electronics Group Co., Ltd.	3,129,300.00	
Other enterprises under control from the same controlling shareholder y or terminal controller -		
Including: Sichuan CCO Display Technology Co., Ltd.	7,500.00	7,500.00
Sichuan Changhong Mold Technology Co., Ltd.	410,530.62	647,197.51
CHANGHONGELECTRIC(AUSTRA)	5,981,267.02	5,627,070.74
PT.CHANGHONG ELECTRIC INDONESIA	36,323,267.47	51,571,842.98
Hefei Changhong Industrial Co., Ltd.	796,472.29	1,556,940.30
Huayi Compressor Co., Ltd.	0.43	0.43
Guangdong Changhong Digital Technology Co., Ltd.	840,000.00	
Guangdong Changhong Electrics Co., Ltd.		50,258.35
Chongqing Hongshenghuo Trading Co., Ltd.	38,129.00	321.20
Sichuan Hongou Display Device Co., Ltd.	131,550.04	131,550.04
Sichuan Changhong Jijia Jinggong Co., Ltd.	2,753,636.34	233,280.06
Sichuan Changhong Minsheng Logistic Co., Ltd.	266,943.40	72,577.00
Sichuan Kuaiyidian Appliance Service Chain Co., Ltd.	3,752,059.87	224,092.46
Sichuan Changhong Precision Electronic Technology Co., Ltd.	426,788.36	427,288.36
Mianyang Lejiayi Chain Trading Co., Ltd.	60,485.02	31,868.62
Changhong (Hong Kong) Trading Co., Ltd.	140,051.69	133,295.18
Sichuan Changhong Devices Technology Co., Ltd.	5,999.67	
CHANGHONG ELECTRIC MIDDLE EAST FZE	7,685,470.70	
Zhongshan Guanghong Mold Technology Co., Ltd.	21,368.88	
Sichuan Changhong Packing & Printing Co., Ltd.	2,400.00	
081 Electronic Group Sichuan Liyuan Electronic Co., Ltd.	2,086,000.00	
Sichuan Changhong Power Co., Ltd.	41,000.00	
Sichuan Hongxin Software Co., Ltd.	23,800.00	
Sichuan Changhong New Energy Technology Co., Ltd.	369,999.99	
Sichuan Changhong International Hotel Co., Ltd.	2,372.00	11,094.60
Sichuan Changhong Xinrui Technology Co., Ltd.	2,342,190.14	159,145.15
Affiliated enterprise of controlling shareholder and actual controller		
Anhui Xinhao PDPs Co., Ltd.	3,276,511.72	
Joint-venture and affiliated		
Including: Buyang Meiling Appliance Marketing Co., Ltd.	560.00	560.00
Guangyuan Meiling Appliance Marketing Co., Ltd.	7,282.40	
Hefei Meiling Solar Energy Technology Co., Ltd.	50,010.80	
Xuancheng Meiling Appliance Marketing Co., Ltd.	77,443.82	
Jiujiang Meiling Appliance Marketing Co., Ltd.	207,062.22	

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Relate parties (item)	Period-end	Year-begin
Guangxi Meiling Appliance Marketing Co., Ltd.	16,677,339.14	14,349,204.09
CHANGHONG RUBA ELECTRIC CO.,LTD	13,049,478.52	9,323.74
Haozhou Meiling Appliance Marketing Co., Ltd.	1,304.50	136,147.50
Total	101,010,833.19	75,910,495.69

2. Account receivable in advance of related parties

Relate parties (item)	Period-end	Year-begin
Controlling shareholder and ultimate controller		
Including: Sichuan Changhong Electric Co., Ltd.	21,580,163.77	354,322.89
Other enterprises under control from the same controlling shareholder y or terminal controller -		
Including: Chengdu Lejiayi Trading Co., Ltd.	260.06	501.21
Sichuan Changhong Electronic System Co., Ltd.	1.00	0.40
Mianyang Lejiayi Trading Chain Co., Ltd.	225,563.78	13,060,613.52
Sichuan Changhong Precision Electronic Technology Co., Ltd.		
Sichuan Changhong Mold Technology Co., Ltd.		
Sichuan Changhong Devices Technology Co., Ltd.		0.33
Chongqing Hongshenghuo Trading Co., Ltd.	87,267.00	8,793.00
CHANGHONG ELECTRIC MIDDLE EAST FZE		
081 Electronic Group Sichuan Liyuan Electronic Co., Ltd.		894,000.00
Sichuan Changhong Gerun Renewable Resources Co., Ltd.	4,075.14	4,075.14
Guangdong Changhong Digital Technology Co., Ltd.		360,000.00
Wandone Network Technology Co., Ltd.	2,000.00	
Sichuan CCO Display Device Co., Ltd.	13,707.00	
Affiliated enterprise of controlling shareholder and actual controller		
Including: Sichuan Changhong Dongyuan Precision Equipment Co., Ltd.	1,080.33	0.33
Joint-venture and affiliated of Subsidiary		
Including: Haozhou Meiling Appliance Marketing Co., Ltd.		3,426,745.41
Changzhou Meiling Appliance Marketing Co., Ltd.		354,129.63
Guangyuan Meiling Appliance Marketing Co., Ltd.		
Jiujiang Meiling Appliance Marketing Co., Ltd.		2,350,691.67
Xuancheng Meiling Appliance Marketing Co., Ltd.	3,630.00	3,539,699.98
Buyang Meiling Appliance Marketing Co., Ltd.	966,666.22	3,326,678.43

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Relate parties (item)	Period-end	Year-begin
Total	22,884,414.30	27,680,251.94

3. Account payable of related parties

Relate parties (item)	Period-end	Year-begin
Controlling shareholder and ultimate controller		
Including: Sichuan Changhong Electronics Group Co., Ltd.	60,553.56	60,553.56
Parent company and ultimate controller		
Including: Sichuan Changhong Electric Co., Ltd.	23,575,283.37	29,061,639.39
Other enterprises under control from the same controlling shareholder y or terminal controller -		
Including: Sichuan Changhong Mold Technology Co., Ltd.	92,876,354.56	61,802,750.43
Huayi Compressor Co., Ltd.	162,586,318.55	90,278,145.60
Sichuan Changhong Jijia Jinggong Co., Ltd.	84,478,384.16	41,995,189.95
Sichuan Changhong Minsheng Logistic Co., Ltd.	42,999,848.92	34,929,272.17
Sichuan Changhong Packing & Printing Co., Ltd.	898,855.59	8,094,995.93
Sichuan Changhong Devices Technology Co., Ltd.	20.08	2,980.08
Mianyang Hongrun Electronic Co., Ltd.	2,609,714.68	880,981.25
Sichuan Changhong Precision Electronic Technology Co., Ltd.	2,092,274.59	818,111.49
081 Electronic Group Sichuan Liyuan Electronic Co., Ltd.	1,231,288.59	646,820.97
Sichuan Changhong New Energy Technology Co., Ltd.	377,670.77	184,449.70
Guangdong Changhong Electrics Co., Ltd.	22,817.80	
Sichuan Hongxin Software Co., Ltd.	255,000.00	
Sichuan Changhong Power Co., Ltd.	42,368.18	39,226.34
Sichuan Kuaiyidian Appliance Service Chain Co., Ltd.	22,796,970.34	61,959.20
Zhongshan Guanghong Mold Technology Co., Ltd.		17,123.21
Sichuan Changhong Electronic Devices Co., Ltd.	17,688,201.89	7,638,692.15
Sichuan Hongwei Technology Co., Ltd.	11,407.50	2,112.50
Sichuan Changhong Gerun Renewable Resources Co., Ltd.	10,503.63	10,503.63
Sichuan Changhong International Hotel Co., Ltd.	53,076.00	158,410.00
Sichuan Huafeng Corp. Group	12,466,893.33	
Sichuan Changhong Xinrui Technology Co., Ltd.	2,288,366.73	
Affiliated enterprise of controlling shareholder and actual controller		

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Relate parties (item)	Period-end	Year-begin
Including: Sichuan Changxin Refrigeration Parts Co., Ltd.	19,093,375.96	13,118,338.85
Sichuan Changhong Dongyuan Precision Equipment Co., Ltd.	360,486.42	12,915.25
Sichuan Hongyu Metal Manufacture Co., Ltd.	154,382.05	71,477.02
Sichuan Changhe Technology Co., Ltd.		524,365.45
Sichuan Jinghong Package Products Co., Ltd.		4,178,287.72
Total	489,030,417.25	294,589,301.84

4. Account payable in advance of related parties

Relate parties (item)	Period-end	Year-begin
Controlling shareholder and ultimate controller		
Including: Sichuan Changhong Electric Co., Ltd.	490,196.00	128,656.00
Other enterprises under control from the same controlling shareholder y or terminal controller -		
Including: Sichuan Jiahong Industrial Co., Ltd.		2,500,000.00
Sichuan Changhong Minsheng Logistic Co., Ltd.		29,666.89
Total	490,196.00	2,658,322.89

5. Other account receivable of related parties

Relate parties (item)	Period-end	Year-begin
Controlling shareholder and ultimate controller		
Including: Sichuan Changhong Electronics Group Co., Ltd.		39,500.00
Other enterprises under control from the same controlling shareholder y or terminal controller -		
Including: BVCH Optronics (Sichuan) Co., Ltd.		67,638.00
Sichuan Changhong Mold Technology Co., Ltd.	333,595.00	10,000.00
Sichuan Changhong Jijia Jinggong Co., Ltd.	116,640.00	
Joint-venture and affiliated		
Including: Guangyuan Meiling Appliance Marketing Co., Ltd.	10664.17	10,664.17
CHANGHONG RUBA ELECTRIC CO.,LTD	613,136.01	91,858.13
Changzhou Meiling Appliance Marketing Co., Ltd.		11,423.01
Guangxi Meiling Appliance Marketing Co., Ltd.	2,753.04	112,809.42
Xuancheng Meiling Appliance Marketing Co., Ltd.	2,150.00	11,736.00
Jiujiang Meiling Appliance Marketing Co., Ltd.	13,440.48	96,980.82
Total	1,092,378.70	452,609.55

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

6. Other account payable of related parties

Relate parties(Item)	Period-end	Year-begin
Controlling shareholder and ultimate controller		
Including: Sichuan Changhong Electric Co., Ltd.	15,039,097.81	5,756,532.91
Sichuan Changhong Electronics Group Co., Ltd.	8,725.98	
Other enterprises under control from the same controlling shareholder y or terminal controller		
Including: Sichuan Changhong Minsheng Logistic Co., Ltd.	32,422,795.65	12,212,552.46
Sichuan Changhong Mold Technology Co., Ltd.	321,998.47	320,000.00
Sichuan Changhong Jijia Jinggong Co., Ltd.	210,966.64	7,200,000.00
Sichuan Changhong Gerun Renewable Resources Co., Ltd.	10,000.00	10,000.00
Sichuan Changhong Development Co., Ltd.		
Jingdezhen Honghua Home Appliance Parts Co., Ltd.	50,000.00	50,000.00
Sichuan Kuaiyidian Appliance Service Chain Co., Ltd.	8,054,695.82	7,586,866.77
Sichuan Changhong International Hotel Co., Ltd.	925.75	
Affiliated enterprise of controlling shareholder and actual controller		
Including: Sichuan Changhong Dongyuan Precision Equipment Co., Ltd.	227,934.86	227,934.86
Sichuan Changhe Technology Co., Ltd.		50,000.00
Total	56,347,140.98	33,413,887.00

IX. Share-based payment: Nil

X. Contingency

The Company has no major contingency disclosurable till end of 30 June 2013

XI. Commitments

The Company has no major commitments disclosurable till end of 30 June 2013

XII. Events occurring after the balance sheet date

The Company has no major events occurring after the balance sheet date disclosurable till end of 30 June 2013

XIII. Segment information (in 10 thousand Yuan)

Segment of Semi-annual report of 2013

Item	Refrigerat	Air-conditi	Washing	Marketing	Other	Offset between	Total

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

	or and freezer	on	machine			segments	
Operation income	356,775.28	192,417.01	759.14	278,385.53	12,752.79	245,945.29	595,144.46
Including: income from external transaction	119,790.89	192,110.70	126.40	278,385.53	4,730.94		595,144.46
Income from transaction between segments	236,984.39	306.31	632.74		8,021.86	245,945.30	
Operation expense	342,245.95	184,385.50	1,048.66	281,021.63	12,448.12	245,676.76	575,473.10
Operation profit	14,529.33	8,031.51	-289.52	-2,636.10	304.67		19,671.36
Total assets	842,905.51	192,304.37	2,827.86	108,130.36	27,936.31	230,841.86	943,262.55
Total liabilities	496,123.31	140,106.40	5,869.34	120,662.03	16,199.46	139,062.03	639,898.51
Supplementary information							
Depreciation and amortization expense	6,046.89	968.15	426.11	5.81	309.89		7,756.85
Capital expenditure	3,753.20	1,734.91	189.58	13.33	138.03		5,829.05
Non-cash expense except for depreciation and amortization	12,179.27	17,532.45	118.71	16,488.66	196.95		46,516.03

XIV. Other significant matters

(I) Exchange of non-monetary assets: Nil

(II) Debt reorganization: Nil

(III) Renting

1. Minimum payment for rent: Nil

2. Fixed assets rent-in from financing: Nil

3. Minimum payment for rent: Nil

4. Operational leased-out assets

Type of assets leased out	Period-end	Year-begin
Houses and buildings(investment real estate)	15,534,179.22	16,664,805.83
Machinery equipment(fixed assets leased temporary)	435,124.65	534,206.79
Land use right(investment real estate)	599,380.67	653,736.13
Total	16,568,684.54	17,852,748.75

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

5. Minimum payment for rent in major operation renting: Nil

(IV) Financial instrument offering outside and convertible to shares at period-end: Nil

(V) Assets and liabilities measured by fair value: Nil

(VI) Financial assets and liabilities in foreign currency (converted to RMB)

Item	Year-begin	Gains and losses of fair value change in Period	Accumulative fair value change recorded in equity	Impairment withdrew this Period	Period-end
Financial assets					
Financial assets measured by fair value and whose change is recorded in current gains and losses (excluding derivative financial assets)					
Derivative financial assets					
Loans and account receivable	192,431,540.07			5,634,097.76	254,300,753.33
Financial assets available for sale					
Hold-to-maturity investment					
Subtotal of financial assets	192,431,540.07			5,634,097.76	254,300,753.33
Financial liability					
Foreign currency loans	45,456,805.14				9,268,050.00
Subtotal of Financial liability	45,456,805.14				9,268,050.00

(VII) Pension Scheme and major changes: Nil

(VIII) Discontinuing operation: Nil

XV. Notes to main items of financial statement of parent company

1. Account receivables

(1) Age structure of account receivable

Item	Period-end				Year-begin			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Within year	985,936,951.41	98.92	7,846,765.94	55.10	959,491,006.43	98.76	5,805,195.40	45.62
1-2 years	3,543,508.64	0.36	531,526.30	3.73	2,211,537.78	0.23	331,730.67	2.61
2-3 years	820,451.32	0.08	287,157.96	2.02	3,858,803.95	0.40	1,350,581.38	10.61
3-4 years	1,785,989.77	0.18	982,294.37	6.90	1,279,161.27	0.13	703,538.70	5.53

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Item	Period-end				Year-begin			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
4-5 years	1,229,151.68	0.12	1,209,791.36	8.50	1,708,099.57	0.18	1,708,099.57	13.42
Over 5 years	3,430,983.62	0.34	3,380,972.82	23.75	2,908,149.19	0.30	2,825,907.39	22.21
Total	996,747,036.44	100.00	14,238,508.75	100.00	971,456,758.19	100.00	12,725,053.11	100.00
Net value	982,508,527.69				958,731,705.08			

(2) Risk structure of account receivable

Item	Period-end				Year-begin			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Account receivable with single significant amount and withdrawal single item bad debt provision								
Account receivable withdrawal bad debt provision by combination								
combination 1	165,683,179.94	16.62	12,226,295.67	7.38	125,922,253.73	12.96	10,659,888.79	8.47
combination 2	829,051,643.42	83.18	-	-	843,469,340.14	86.83		
Combination Subtotal	994,734,823.36	99.80	12,226,295.67	1.23	969,391,593.87	99.79	10,659,888.79	1.10
Account receivable with single minor amount but withdrawal single item bad debt provision	2,012,213.08	0.20	2,012,213.08	100.00	2,065,164.32	0.21	2,065,164.32	100.00
Total	996,747,036.44	100.00	14,238,508.75	1.43	971,456,758.19	100.00	12,725,053.11	1.31
Net value	982,508,527.69				958,731,705.08			

(3) Account receivable with single significant amount and withdrawal bad debt provision single: Nil

(4) Withdrawal bad debt provision by account age in combination 1:

Account age	Period-end			Year-begin		
	Amount	Ratio (%)	Bad debt provision	Amount	Ratio (%)	Bad debt provision
Within 1 year	156,935,318.79	5	7,846,765.94	116,103,908.09	5	5,805,195.40
1-2 years	3,543,508.64	15	531,526.30	2,211,537.78	15	331,730.67
2-3 years	820,451.32	35	287,157.96	3,858,803.95	35	1,350,581.38
3-4 years	1,785,989.77	55	982,294.37	1,279,161.27	55	703,538.70
4-5 years	129,068.78	85	109,708.46		85	
Over 5 years	2,468,842.64	100	2,468,842.64	2,468,842.64	100	2,468,842.64
Total	165,683,179.94		12,226,295.67	125,922,253.73		10,659,888.79
Net value	153,456,884.27			115,262,364.94		

(5) Accounts in combination 2:

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Combination	Book balance
Connected amount between related parties	789,492,004.64
Account receivable with L/C	39,559,638.78
Total	829,051,643.42

(6) Account receivable with single minor amount but withdrawal single item bad debt provision at period-end

Account receivables	Book balance	Bad debt provision	Accrual proportion	Reasons
Shandong Wendeng Department Store Corporation	129,051.14	129,051.14	100%	Cease business contact 3-5 years; predicted un-recovered for urgent
Jiangsu Zhenjiang GOME Electrical Appliance Co., Ltd.	123,474.37	123,474.37	100%	
Liuzhou Minyu Hardware Appliance Business	51,588.00	51,588.00	100%	
Nanjing Central Emporium Co., Ltd.	512,925.85	512,925.85	100%	
Zhejiang Yongle Appliance Co., Ltd. (Taizhou)	95,090.82	95,090.82	100%	
Gaomi Sanhe Appliance Market Co., Ltd.	610,458.57	610,458.57	100%	
Cifeng Baixin Apparatus Co., Ltd.	271,114.97	271,114.97	100%	
Yichun Jixing Appliance Town	218,509.36	218,509.36	100%	
Total	2,012,213.08	2,012,213.08		

(7) Account receivable received of previous that being verified in this period: Nil

(8) Bad debt provision switch-back:

Unit	Book balance	Switch-back	Account age
Jiangsu Zhenjiang GOME Electrical Appliance Co., Ltd.	52,951.24	52,951.24	Over 5 years

Note: the above account receivable in this period switch-back as bad debt provision.

(9) Bad debt of account receivable verified in this period: Nil

(10) Arrears of the shareholders holding more than 5% (including 5%) shares with voting rights of the Company

Unit	Period-end	Year-begin
Sichuan Changhong Electric Co., Ltd.	25,257.14	25,257.14

(11) Top five account receivable has RMB 290,561,740.87 in total, a 29.15% in total account receivable at period-end

(12) Account receivable of related parties

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Unit	Related relationship	Amount	Proportion in total account receivable
Beijing Meiling Appliance Marketing Co., Ltd.	Subsidiary	79,914,993.36	8.02%
Nanjing Meiling Appliance Marketing Co., Ltd.	Subsidiary	61,579,392.34	6.18%
Jiangxi Meiling Appliance Co., Ltd.	Subsidiary	53,575,272.34	5.38%
Chengdu Meiling Appliance Marketing Co., Ltd.	Subsidiary	47,991,306.86	4.81%
Guangzhou Meiling Appliance Marketing Co., Ltd.	Subsidiary	47,500,775.97	4.77%
Shanghai Meiling Appliance Marketing Co., Ltd.	Subsidiary	42,719,871.70	4.29%
Shensheng Meiling Appliance Marketing Co., Ltd.	Subsidiary	40,700,263.13	4.08%
Tianjin Meiling Appliance Marketing Co., Ltd.	Subsidiary	29,247,858.49	2.93%
Wuhan Meiling Appliance Marketing Co., Ltd.	Subsidiary	28,329,183.77	2.84%
Nantong Meiling Appliance Marketing Co., Ltd.	Subsidiary	27,470,119.22	2.76%
Hanzhou Meiling Appliance Marketing Co., Ltd.	Subsidiary	26,689,773.32	2.68%
Zhenzhou Meiling Appliance Marketing Co., Ltd.	Subsidiary	24,942,640.38	2.50%
Xi'an Meiling Appliance Marketing Co., Ltd.	Subsidiary	24,440,505.33	2.45%
Hefei Meiling White Goods Marketing Co., Ltd.	Subsidiary	22,850,190.38	2.29%
Chongqing Meiling Appliance Marketing Co., Ltd.	Subsidiary	20,803,565.70	2.09%
Changchun Meiling Appliance Marketing Co., Ltd.	Subsidiary	20,583,029.09	2.07%
Harbin Meiling Appliance Marketing Co., Ltd.	Subsidiary	20,317,245.66	2.04%
Taiyuan Meiling Appliance Marketing Co., Ltd.	Subsidiary	20,095,976.02	2.02%
Nanchang Meiling Appliance Marketing Co., Ltd.	Subsidiary	19,800,748.23	1.99%

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Unit	Related relationship	Amount	Proportion in total account receivable
Guangxi Meiling Home Appliances Co., Ltd.	Joint venture	16,561,127.08	1.66%
Kunming Meiling Appliance Marketing Co., Ltd.	Subsidiary	15,475,186.07	1.55%
Urumqi Meiling Appliance Marketing Co., Ltd.	Subsidiary	12,893,916.81	1.29%
Hohhot Meiling Appliance Marketing Co., Ltd.	Subsidiary	12,763,378.81	1.28%
Guiyang Meiling Appliance Marketing Co., Ltd.	Subsidiary	12,585,313.60	1.26%
Fuzhou Meiling Appliance Marketing Co., Ltd.	Subsidiary	10,035,983.28	1.01%
Mianyang Meiling Appliance Marketing Co., Ltd.	Subsidiary	9,340,626.34	0.94%
Neijiang Meiling Appliance Marketing Co., Ltd.	Subsidiary	8,723,077.95	0.88%
Jingzhou Meiling Appliance Marketing Co., Ltd.	Subsidiary	8,062,425.71	0.81%
CHANGHONGELECTRIC(AUSTRA)	Under same control	5,981,267.02	0.60%
Hengyang Meiling Appliance Marketing Co., Ltd.	Subsidiary	5,738,753.28	0.58%
Lanzhou Meiling Appliance Marketing Co., Ltd.	Subsidiary	4,984,758.58	0.50%
Xinxiang Meiling Appliance Marketing Co., Ltd.	Subsidiary	4,874,808.83	0.49%
Zhongke Meiling Cryogenics Technology Co., Ltd	Subsidiary	1,168,335.02	0.12%
Jiujiang Meiling Appliance Marketing Co., Ltd.	Joint venture	207,062.22	0.02%
Jinan Meiling Appliance Marketing Co., Ltd.	Subsidiary	140,232.94	0.01%
Hong Kong (Changhong) Trade Co., Ltd.	Subsidiary	140,051.69	0.01%
Xuancheng Meiling Appliance Marketing Co., Ltd.	Joint venture	77,443.82	0.01%
Mianyang Lejiayi Trading Chain Co., Ltd.	Under same control	60,485.02	0.01%

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Unit	Related relationship	Amount	Proportion in total account receivable
Mianyang Meiling Refrigeration Co., Ltd.	Subsidiary	42,508.94	0.00%
Hefei Meiling Solar Energy Technology Co., Ltd.	Joint venture	50,010.80	0.01%
Sichuan Changhong Electric Co., Ltd.	Parent company	25,257.14	0.00%
Guangyuan Meiling Appliance Marketing Co., Ltd.	Joint venture	7,282.40	0.00%
Total		789,492,004.64	79.21%

(13) Balance of accounts receivable in foreign currencies

Currency	Period-end			Year-begin		
	Original currency	Exchange rate	RMB converted	Original currency	Exchange rate	RMB converted
USD	24,385,293.65	6.1787	150,669,413.88	16,662,904.98	6.2855	104,734,689.25
EUR		8.0536		43,537.51	8.3176	362,127.59
AUD	954,855.70	5.7061	5,448,502.11	851,750.61	6.5363	5,567,297.51
Total			156,117,915.99			110,664,114.35

2. Other account receivable

(1) Age structure of other account receivable

Item	Period-end				Year-begin			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	238,892,855.45	85.17			47,787,885.23	88.61	158,948.13	5.68
1-2 years	38,532,406.68	13.74	212,206.80	7.84	3,132,584.57	5.81	214,444.80	7.67
2-3 years	500,000.00	0.18	70,000.00	2.59	525,886.78	0.98	70,000.00	2.50
3-4 years	273,662.18	0.10	110,684.06	4.09	224,862.81	0.42	110,684.06	3.96
4-5 years	15,631.16	0.01			18,182.38	0.03		
Over 5 years	2,240,133.93	0.80	2,312,552.36	85.48	2,242,133.93	4.15	2,242,133.93	80.19
Total	280,454,689.40	100.00	2,705,443.22	100.00	53,931,535.70	100.00	2,796,210.92	100.00
Net value	277,749,246.18				51,135,324.78			

(2) Risk structure of other account receivable:

Item	Period-end		Year-begin	
	Book balance	Bad debt provision	Book balance	Bad debt provision

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Account receivable with single significant amount and withdrawal single item bad debt provision								
Account receivable withdrawal bad debt provision by combination								
Combination 1	1,913,095.96	0.68	490,031.07	25.61	5,106,978.46	9.47	651,217.20	12.75
Combination 2	276,326,181.29	98.53	-	-	46,679,563.52	86.55	-	-
Combination Subtotal	278,239,277.25	99.21	490,031.07	0.18	51,786,541.98	96.02	651,217.20	1.26
Account receivable with single minor amount but withdrawal single item bad debt provision	2,215,412.15	0.79	2,215,412.15	100.00	2,144,993.72	3.98	2,144,993.72	100.00
Total	280,454,689.40	100.00	2,705,443.22	0.96	53,931,535.70	100.00	2,796,210.92	5.18
Net value	277,749,246.18				46,079,466.31			

(3) Other account receivable with single significant amount and withdrawal bad debt provision single: Nil

(4) Withdrawal bad debt provision by account age for combination 1:

Account age	Period-end			Year-begin		
	Amount	Ratio (%)	Bad debt provision	Amount	Ratio (%)	Bad debt provision
Within 1 year		5		3,178,962.50	5	158,948.13
1-2 years	1,414,712.00	15	212,206.80	1,429,632.00	15	214,444.80
2-3 years	200,000.00	35	70,000.00	200,000.00	35	70,000.00
3-4 years	201,243.75	55	110,684.06	201,243.75	55	110,684.06
4-5 years		85			85	
Over 5 years	97,140.21	100	97,140.21	97,140.21	100	97,140.21
Total	1,913,095.96		490,031.07	5,106,978.46		651,217.20
Net value	4,455,761.26			4,455,761.26		

(5) Account in combination 2

Combination	Book balance
Connected amount between related parties	41,985,867.33
Loans of employee's pretty cash	2,900,883.96
Subsidy receivable of energy-saving and civil-benefit	231,439,430.00
Total	276,326,181.29

(6) Other account receivable with single minor amount but withdrawal single item bad debt provision at period-end

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Other account receivable	Book balance	Bad debt provision	Accrual proportion	Reasons
Individual borrowings in previous years	2,215,412.15	2,215,412.15	100%	Un-receivable due to office leaving

(7) Other account receivable of previous years that have been verified recovered in this period: Nil

(8) Switch-back of bad debt provision for other receivable in this period:

Item	Book balance	Switch-back	Account age
Individual borrowings in previous years	2,000.00	2,000.00	Over 5 years

(9) Other account receivable charge off in this period: Nil

(10) In the balance of other receivable at the end of this year, there is no arrearage due from shareholders holding 5% or above voting right shares of the Company

(11) Top 5 other account receivable has RMB 271,283,275.08 in total, a 96.73% in total account receivable at period-end

(12) Other account receivable from related parties

Item	Period-end	Year-begin
Wuhu Meiling Appliance Marketing Co., Ltd.	370,268.04	317,850.66
Changsha Meiling Appliance Marketing Co., Ltd.	196,470.31	
Chaohu Meiling Appliance Marketing Co., Ltd.	47,880.50	
Hanzhou Meiling Appliance Marketing Co., Ltd.	215,128.40	201,102.48
Jinan Meiling Appliance Marketing Co., Ltd.		247,212.93
Liu'an Meiling Appliance Marketing Co., Ltd.	120,835.20	
Jingzhou Meiling Appliance Marketing Co., Ltd.	4,803.50	
Nanjing Meiling Appliance Marketing Co., Ltd.	182,177.30	
Nantong Meiling Appliance Marketing Co., Ltd.	128,856.97	
Wuhan Meiling Appliance Marketing Co., Ltd.	78,700.15	
Xi'an Meiling Appliance Marketing Co., Ltd.	192,578.88	204,966.03
Kunming Meiling Appliance Marketing Co., Ltd.	168,714.12	191,764.13
Fuzhou Meiling Appliance Marketing Co., Ltd.	116,109.62	
Lanzhou Meiling Appliance Marketing Co., Ltd.	137,796.22	
Bengbu Meiling Appliance Marketing Co., Ltd.	225,811.45	
Beijing Meiling Appliance Marketing Co., Ltd.	257,820.79	

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Changchun Meiling Appliance Marketing Co., Ltd.	99,467.69	
Chengdu Meiling Appliance Marketing Co., Ltd.	267,334.63	
Guiyang Meiling Appliance Marketing Co., Ltd.	128,606.08	
Hohhot Meiling Appliance Marketing Co., Ltd.	116,365.23	
Xinxiang Meiling Appliance Marketing Co., Ltd.	96,742.60	
Hefei Meiling Appliance Marketing Co., Ltd.	37,228,800.08	36,730,931.63
Luohe Meiling Appliance Marketing Co., Ltd.		1,350,000.00
Jiangxi Meiling Refrigeration Co., Ltd.	496,666.88	496,666.88
Zhongke Meiling Cryogenic Technology Co., Ltd.	638,690.00	
Hefei Branch of Sichuan Changhong Mold Technology Co., Ltd.	323,595.00	
Guangxi Meiling Home Appliances Co., Ltd.	2,753.04	
Jiujiang Meiling Appliance Marketing Co., Ltd.	13,440.48	
Xuancheng Meiling Appliance Marketing Co., Ltd.	2,150.00	
Guangyuan Meiling Appliance Marketing Co., Ltd.	10,664.17	
Hefei Branch of Sichuan Changhong Jijia Jinggong Co., Ltd.	116,640.00	
Total	41,985,867.33	39,740,494.74

(13) Other account receivable denominated in foreign currency: Nil

3. Long-term equity investments

(1) Classification of long-term equity investments

Item	Period-end	Year-begin
Long-term equity investment calculated by cost method	829,348,087.68	829,348,087.68
Long-term equity investment calculated by equity method	12,360,219.07	12,665,410.53
Total of long-term equity investment	841,708,306.75	842,013,498.21
Less: provision for impairment of long-term equity investment		
Value of long-term equity investment	841,708,306.75	842,013,498.21

(2) Long-term equity investments calculated by cost method and equity method

Invested unit	Shareholding ratio (%)	Voting right ratio (%)	Initial amount	Amount at year-begin	Increase during the Period	Decrease during the Period	Amount at period-end	Cash dividend for this Period
Calculation by cost method								

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Invested unit	Shareholding ratio (%)	Voting right ratio (%)	Initial amount	Amount at year-begin	Increase during the Period	Decrease during the Period	Amount at period-end	Cash dividend for this Period
Zhongke Meiling Cryogenic Technology Co., Ltd.	70.00	70.00	42,000,000.00	42,000,000.00			42,000,000.00	
Jiangxi Meiling Refrigeration Co., Ltd.	90.00	100.00	45,000,000.00	45,000,000.00			45,000,000.00	
Mianyang Meiling Refrigeration Co., Ltd.	90.00	100.00	45,000,000.00	95,000,000.00			95,000,000.00	
Hefei Meiling Appliance Marketing Co., Ltd.	99.00	100.00	9,900,000.00	54,900,000.00			54,900,000.00	
Sichuan Changhong Air Conditioner Co., Ltd.	100.00	100.00	305,600,437.79	305,600,437.79			305,600,437.79	
Zhongshan Changhong Appliance Co., Ltd.	90.00	90.00	76,256,419.37	76,256,419.37			76,256,419.37	
Huishang Bank Co., Ltd.	0.13	0.13	5,000,000.00	5,000,000.00			5,000,000.00	1,073,757.30
Hefei Meiling Packing Products Co., Ltd.	48.28	100.00	25,055,600.00	12,961,230.52			12,961,230.52	
Hefei Meiling Group Holding Co., Ltd.	100.00	100.00	113,630,000.00	113,630,000.00			113,630,000.00	
Jiangxi Meiling Appliance Co., Ltd.	98.75	100.00	79,000,000.00	79,000,000.00			79,000,000.00	
Subtotal			746,442,457.16	829,348,087.68			829,348,087.68	1,073,757.30
Calculation by equity method								
Hefei Xingmei Assets Management Co., Ltd.	48.28	48.28	12,094,369.48	12,665,410.53	211,404.54	516,596.00	12,360,219.07	516,596.00
Subtotal			12,094,369.48	12,665,410.53	211,404.54	516,596.00	12,360,219.07	
Total			758,536,826.64	842,013,498.21	211,404.54	516,596.00	841,708,306.75	1,590,353.30

(3) Investment in associates

Invested unit	Total assts at period-end	Total liability at period-end	Total net assets at period-end	Current operation income	Current net profit
Hefei Xingmei Assets Management Co., Ltd.	29,640,336.58	1,874,278.57	27,766,058.01	1,894,101.00	437,871.87

4. Operation income, operation cost

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

Item	Current amount	Amount at same period of last year
Main business revenue	3,327,862,943.99	3,231,307,780.05
Other business revenue	501,858,955.15	389,731,362.59
Total	3,829,721,899.14	3,621,039,142.64
Main business cost	2,729,442,428.96	2,689,101,247.09
Other business revenue	491,984,084.15	380,915,606.24
Total	3,221,426,513.11	3,070,016,853.33

(1) Main business-by products

Product	Current amount		Amount at same period of last year	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator and freezer	3,267,534,599.48	2,677,322,687.43	3,170,841,768.18	2,637,049,040.26
Washing machine	60,328,344.51	52,119,741.53	59,699,998.53	50,861,363.20
Other			766,013.34	1,190,843.63
Total	3,327,862,943.99	2,729,442,428.96	3,231,307,780.05	2,689,101,247.09

(2) Main business-by regions

Regions	Current amount		Amount at same period of last year	
	Operation income	Operation cost	Operation income	Operation cost
Domestic income	2,786,757,896.82	2,214,865,555.59	2,802,835,752.21	2,263,563,636.36
Export income	541,105,047.17	514,576,873.37	428,472,027.84	425,537,610.73
Total	3,327,862,943.99	2,729,442,428.96	3,231,307,780.05	2,689,101,247.09

(3) Top five clients of the Company owe income in sales of RMB 556,691,174.94, a 14.54% in total operation income.

5. Investment income

(1) Sources of investment income

Item	Current amount	Amount at same period of last year
Long-term equity investment income by cost method	1,073,757.30	1,073,757.30
Long-term equity investment income by equity method	211,404.54	175,797.67

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

Item	Current amount	Amount at same period of last year
Investment income from disposal of long-term equity investment		
Investment income from period of holding financial assets available for sale		
Investment income from disposal of financial assets available for sale		
Accrued income from disposal of subsidiaries from cost method to equity method		
Total	1,285,161.84	1,249,554.97

(2) Long-term equity investment income by equity method

Item	Current amount	Amount at same period of last year
Hefei Xingmei Assets Management Co.,Ltd.	211,404.54	175,797.67

6. Supplementary information for cash flow statement of parent company

Item	Current amount	Amount at same period of last year
1. Adjust net profit to cash flow for operational activities:		
Net profit	98,531,870.35	110,870,938.47
Add: provision for depreciation of assets	2,555,031.25	-24,334,130.41
Depreciation of fixed assets, consumption of oil gas assets and depreciation of productive biological assets	42,442,072.93	34,970,754.18
Amortization of intangible assets	5,741,858.39	12,245,773.41
Amortization of long-term retained expense		-
Loss from disposal of fixed assets, intangible assets and other long term assets (gain is listed with "-")	2,727,898.46	-81.64
Loss from discarding fixed assets as useless (gain is listed with "-")		5,279,309.14
Loss from change of fair value(gain is listed with "-")		-
Financial expense (gain is listed with "-")	-10,444,310.31	-6,305,853.31
Investment loss (gain is listed with "-")	-1,285,161.84	-1,249,554.97
Decrease of deferred income tax assets (increase is listed with "-")	2,360,925.05	-795,809.16
Increase of deferred income tax liabilities (decrease is listed with "-")		-
Decrease of inventories (increase is listed with "-")	24,083,024.29	498,749,442.14

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Item	Current amount	Amount at same period of last year
Decrease of operational accounts receivable (increase is listed with “-”)	-602,061,581.16	-1,193,687,338.13
Increase of operational accounts payable (decrease is listed with “-”)	435,940,665.35	250,140,718.90
Others		-
Net cash flow arising from operation activities	592,292.76	-314,115,831.38
2. Significant investment and financing activities with no reference to cash collection and payment:		
Debt convert to capital		-
Convertible bond due within one year		-
Fixed assets leased in by financing		-
3. Net change in cash and cash equivalent:		
Balance of cash at period-end	1,710,526,818.81	789,679,272.06
Less: Balance of cash at period-begin	1,235,992,818.90	1,045,235,918.61
Add: Balance of cash equivalent at period-end		-
Less: Balance of cash equivalent at period-begin		-
Net increase in cash and cash equivalent	474,533,999.91	-255,556,646.55

XVI. Approval of the financial report

The financial report was approved for disclosure by the Board dated 15 August 2013

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013
(Unless otherwise specified. RMB for record in the statement)

Supplementary information for financial statement

(I) Non-operational gains and losses for the Period

Non-recurring gains and losses regulated by Explanation Announcement of Information Disclosure on Stock Issuance Enterprise No.1—Non-recurring gains/losses (2008) from CSRC:

Item	Current amount	Amount at same period of last year	Note
Gains and losses from disposal of non-current assets	-3,166,097.14	-5,181,933.89	Refer to Non-operating Income and Expenditure for details
Tax refund or mitigate due to examination-and-approval beyond power or without official approval document or accident			
Government subsidy recorded in current gains and losses	8,284,145.67	4,237,836.91	Refer to Non-operation revenue
Capital occupancy expense, collected from non-financial enterprises and recorded in current gains and losses			
Income from the exceeding part between investment cost of the Company paid for obtaining subsidiaries, associates and joint-ventures and recognizable net assets fair value attributable to the Company when acquiring the investment			
Gains and losses from exchange of non-monetary assets			
Gains and losses from assets under trusted investment or management			
Various provision for impairment of assets withdrew due to act of God, such as natural disaster			
Gains and losses from debt restructuring			
Enterprise reorganization expense			
Gains and losses of the part arising from transaction in which price is not fair and exceeding fair value			
Current net gains and losses occurred from period-begin to combination day by subsidiaries resulting from business combination under common control			
Gains and losses arising from contingent proceedings irrelevant to normal operation of the Company			
Except for effective hedge business relevant to normal operation of the Company, gains and losses arising from fair value change of tradable financial assets and tradable financial liabilities, and investment income from disposal of tradable financial assets, tradable financial liabilities and financial assets available for sale			
Switch-back of provision of impairment of account receivable which are treated with separate depreciation test			
Gains and losses obtained from external trusted loans			
Gains and losses arising from change of fair value of investment real estate whose follow-up measurement are conducted according to fair value pattern			
Affect on current gains and losses after an one-time adjustment according to requirements of laws and regulations regarding to taxation and accounting			
Trust fee obtained from trust operation			

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Item	Current amount	Amount at same period of last year	Note
Other non-operating income and expenditure except for the aforementioned ones	435,291.84	-102,072.38	Refer to Non-operating Income and Expenditure for details
Other gains and losses items complying with definition for non-current gains and losses			
Subtotal	5,553,340.37	-1,046,169.36	
Affect on income tax	235,081.59	38,231.24	
Affect on minority equity(after taxation)	267,380.74	-302,656.89	
Total	5,050,878.04	-781,743.71	

(II) ROE and EPS

In accordance with requirement of the Information Disclosure Compiling of Public Listed Companies No.9-Calculation and Disclosure of Return on Equity and Earnings per Share (revised in 2010), the weighted average return on equity, basic earnings per share and diluted earnings per share of the Company in Perieriod are as follow:

Profit during the report period	Weighted average ROE	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of parent company	4.49%	0.1777	0.1777
Net profit attributable to shareholders of parent company after deduction of non-recurring gains and losses	4.32%	0.1711	0.1711

(III)Abnormal condition of major financial statement items and explanation for change

1. Item of consolidated balance sheet at period-end with major changes comparing with year-beginning:

Item	Period-end	Year-begin	Changes	Note
Note receivable	2,490,026,671.99	1,738,725,417.01	43.21%	1
Account receivables	1,150,796,995.41	753,762,080.84	52.67%	2
Account paid in advance	160,540,856.24	49,414,835.51	224.88%	3
Other account receivable	250,578,232.84	31,288,336.44	700.87%	4
Short-term borrowings	459,268,050.00	45,456,805.14	910.34%	5
Account payable	2,339,285,831.36	1,462,293,958.34	59.97%	6
Salary payable	76,205,784.37	137,325,501.89	-44.51%	7
Retained profit	521,435,836.67	385,744,261.05	35.18%	8

Note 1: Note receivable increased by 75,130.13 Million yuan as compared to year-begin with 43.21% up, mainly because bank acceptance received in peak seasons increased, and which has not yet due for collection in the Period.

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Note 2: Account receivables increased by 39,703.49 Million Yuan as compared to year-begin with 52.67% up, mainly because sales increased in the Period, resulted by the time different of sales and amount collected.

Note 3: Account paid in advance increased by 11,112.60 Million Yuan as compared to year-begin with 224.88% up, mainly because prepared for the coming peak season, account paid in advance for more procurement increased.

Note 4: Other account receivable increased by 21,928.99 Million Yuan as compared to year-begin with 700.87% up, mainly because the subsidy of energy-saving and civil-benefit has not collected yet.

Note 5: Short-term borrowings increased by 41,381.12 Million Yuan as compared to year-begin with 910.34% up, mainly because the short-term borrowings from parent company increased.

Note 6: Account payable increased by 87,699.19 Million Yuan as compared to year-begin with 59.97% up, mainly because prepared for the coming peak season, more procurement increased.

Note 7: Salary payable decreased by 6,111.97 Million Yuan as compared to year-begin with 44.51% down, mainly because the salary for December which was accrual for year of 2012 and annual bonus were paid in the Period.

Note 8: Retained profit increased by 13,569.16 Million Yuan as compared to year-begin with 35.18% up, mainly because new profit increased in the Period.

2. Item of consolidated profit statement with major changes comparing with last year's:

Item	Current amount	Amount at same period of last year	Changes	Note
Operation tax and surcharge	58,543,334.84	43,172,959.76	35.60%	1
Assets impairment loss	22,012,431.67	37,119,691.31	-40.70%	2
Investment income	751,289.68	260,963.91	187.89%	3
Non-operation revenue	9,017,138.67	4,579,649.44	96.90%	4
Non-operation expenses	3,463,798.30	5,625,818.80	-38.43%	5
Income tax expense	36,091,305.08	13,865,961.02	160.29%	6

Note 1: Operation tax and surcharge increase 1,537.04 Million Yuan over a year earlier with 35.60% up, mainly because the accrual increased in the Period and disposal fund for scrap electronic products paid in the Period while no such charge at last year.

Note 2: Assets impairment loss decrease 1,510.73 Million Yuan over a year earlier with 40.70% down, mainly because inventory turnover ratio growth in the Period and the inventory with long period in stock decreased.

Note 3: Investment income increase 49.03 Million Yuan over a year earlier with 187.89% up, mainly because losses from part of the joint venture decreased y-o-y and profit from part of the joint venture growth y-o-y.

Note 4: Non-operation revenue increase 443.75 Million Yuan over a year earlier with 96.90% up, mainly because the government subsidy income recognized in the Period increased y-o-y.

Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2013 to 31 December 2013

(Unless otherwise specified. RMB for record in the statement)

Note 5: Non-operation expenses decrease 216.20 Million Yuan over a year earlier with 38.43% down, mainly because disposal of non-current assets decreased in the Period.

Note 6: Income tax expense increase 2,222.53 Million Yuan over a year earlier with 160.29% up, mainly because the taxable amount increased in the Period.

XVII. Approval of the financial report

The financial report was approved for disclosure by the Board dated 15 August 2013

Section IX. Documents Available for Reference

- I. Text of semi-annual report with the signature of the Chairman;
- II. Accounting statement carrying the signatures and seals of the Chairman, CFO (financial administrator) and person in charge of accounting organ;
- III. Originals documents of the Company and manuscripts of public notices that disclosed in the newspapers designated by CSRC in the report period;

The aforesaid documents are all available at headquarter of the Company. The Company would provide them timely when CSRC and Shenzhen Stock Exchange require or the shareholders need consultation according to the regulations and Articles of Association.

Chairman: Liu Tibin
Hefei Meiling Co., Ltd.
16 August 2013