



HEFEI MEILING CO., LTD.

Semi-Annual Report 2017

August 2017

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 this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

Mr. Li Wei, person in charge of the Company, Mr. Zhang Xiaolong, person in charge of accounting work and Mr. Luo Bo, person in charge of accounting organ (accountant in charge) hereby confirm that the Financial Report of 2017 Semi-Annual Report is authentic, accurate and complete.

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 deliberating the Report on site and by communication.

Modified audit opinions notes

☐ Applicable ☒ Not applicable

The financial report of 2017 semi-annual report has not been audited by CPA

Risk warning of the forward-looking statements with future planning involved in semi-annual report

☒ Applicable ☐ Not applicable

Concerning the forward-looking statements with future planning involved in the Report, they do not constitute a substantial commitment for investors, investors and the person concerned should maintain adequate risk awareness, furthermore, differences between the plans, forecast and commitments should be comprehended. Investors are advised to exercise caution of investment risks.

Investors are advised to read the full text of semi-annual report, and pay particular attention to the following risk factors.

More details about the possible risks and countermeasures in the operation of the Company are described in the report “X. Risks and countermeasures” of “Section IV Discussion and Analysis of the Operation”, investors are advised to read the relevant content.

Securities Times, China Securities Journal, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn) are the media for information disclosure for year of 2017 that appointed by the Company. All public information under the name of the Company disclosed on the above said media and website shall prevail, and investors are advised to exercise caution.

Does the Company need to comply with disclosure requirements of the special industry: No

Profit distribution pre-plan or capitalizing of common reserves pre-plan deliberated by the Board in the semi-annual period

☐Applicable ☒Not applicable

The Company has no plans of cash distribution, bonus shares and capitalizing of common reserves either.

Directors and senior executives of the Company respectively signed Written Confirmation Opinions for 2017 Semi-Annual Report.

Supervisory Committee of the Company formed Written Examination Opinions for 2017 Semi-Annual Report.

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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 Holding Group Co., Ltd.
Hong Kong Changhong	Refers to	CHANGHONG (HK) TRADING LIMITED
Meiling Group	Refers to	Hefei Meiling Group Holdings Limited
Industry Investment Group	Refers to	Hefei Industry Investment Holding (Group) Co., Ltd.
Shine Wing	Refers to	Shine Wing Certified Public Accountants (LLP)
Changhong Air-conditioner	Refers to	Sichuan Changhong Air-conditioner Co., Ltd.
Zhongke Meiling	Refers to	Zhongke Meiling Cryogenic Technology Co., Ltd.
Jiangxi Meiling	Refers to	Jiangxi Meiling Electric Appliance Co., Ltd.
Changhong Ridian	Refers to	Guangdong Changhong Ridian Technology Co., Ltd.
Zhongshan Changhong	Refers to	Zhongshan Changhong Electric Co., LTD
Changmei Technology	Refers to	Changmei Technology Co., Ltd.
Huayi Compressor	Refers to	Huayi Compressor Co., Ltd.
Meiling CANDY	Refers to	Meiling CANDY Washing Machine Co., Ltd.
Candy Group	Refers to	Candy Hoover Group S.r.l.
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 and Main Financial Indexes

I. Company profile

Short form of the stock	MEILINGDIANQI, WANMEILING-B	Stock code	000521, 200521
Short form of the Stock after changed (if applicable)	N/A		
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	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	Li Wei		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Li Xia	Zhu Wenjie
Contact add.	No. 2163, Lianhua Road, Economic and Technology Development Zone, Hefei	No. 2163, Lianhua Road, Economic and Technology Development Zone, Hefei
Tel.	0551-62219021	0551-62219021
Fax.	0551-62219021	0551-62219021
e-mail	lixia@meiling.com	wenjie.zhu@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 2016.

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 2016.

3. Other relevant information

Whether other relevant information has changed in reporting period or not

☒Applicable ☐Not applicable

Being deliberated and approved by 33rd meeting of 8th BOD held on 21 July 2017, Mr. Li Wei was selected as chairman of the 8th BOD of the Company with office term same as the BOD's. And according to the regulation of Article 8 of Article of Association, chairman of the Company is the legal representative of the Company.

IV. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data or not

☐Yes ☒No

	Current period	Same period of last year	Increase/decrease in this report y-o-y
Operating income (RMB)	8,517,794,193.10	6,866,631,262.68	24.05%
Net profit attributable to shareholders of the listed company(RMB)	92,075,039.77	109,992,701.28	-16.29%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	66,905,338.98	90,801,654.71	-26.32%
Net cash flow arising from operating activities(RMB)	484,230,697.91	871,689,504.89	-44.45%
Basic earnings per share (RMB/Share)	0.0881	0.1440	-38.82%
Diluted earnings per share (RMB/Share)	0.0881	0.1440	-38.82%
Weighted average ROE	1.79%	3.12%	1.33percent point down
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	16,689,509,751.32	12,507,567,310.84	33.44%
Net assets attributable to shareholder of listed company (RMB)	5,119,376,181.33	5,095,160,291.91	0.48%

Note: the earnings per share calculated at same period of last year were based on total shares of 763,739,205,

and the Company offering 280,858,676 common shares (A-stock) by privately placement in October 2016, total shares capital of the Company goes to 1,044,597,881 shares. Therefore, the earnings per shares calculated in the period were based on total shares of 1,044,597,881.

V. Accounting data difference under domestic and foreign accounting standards

1. 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

The Company has no 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) in reporting period.

2. 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	
	Current Period	Last Period	Period-end	Period-begin
Chinese GAAP	92, 075, 039. 77	109, 992, 701. 28	5, 119, 376, 181. 33	5, 095, 160, 291. 91
Items and amount adjusted by foreign accounting rules				
Foreign accounting rules	92, 075, 039. 77	109, 992, 701. 28	5, 119, 376, 181. 33	5, 095, 160, 291. 91

The Company had no difference of the net profit or net assets disclosed in financial report, under either foreign accounting rules or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

3. Reasons for the differences of accounting data under accounting rules in and out of China

☒ Applicable ☐ Not applicable

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.

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

√Applicable □ Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-11,095,591.69	Found more in “Non-operating income and expenditure”, “Investment income”
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise’s business)	22,490,062.54	Found more in “Non-operating income”
Held transaction financial asset, gains/losses of changes of fair values from transaction financial liabilities, and investment gains from disposal of transaction financial asset, transaction financial liabilities and financial asset available for sales, exclude the effective hedging business relevant with normal operations of the Company	-10,359,085.30	Found more in “Gains from changes of fair value”
Other non-operating income and expenditure except for the aforementioned items	643,883.35	Found more in “Non-operating income and expenditure”
Gain/losses items qualified definition of the non-recurring gains/losses	26,817,170.85	Found more in “Investment income”
Less: impact on income tax	3,129,349.31	--
Impact on minority shareholders’ equity (post-tax)	197,389.65	--
Total	25,169,700.79	--

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

The Company has no 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, in the period

Section III Summary of Company Business

I. Main businesses of the Company in the reporting period

Does the Company need to comply with disclosure requirements of the special industry: No

The Company is one of China's major electric appliance manufacturers, possesses four major domestic manufacturing bases in Hefei, Mianyang, Jingdezhen and Zhongshan, and two overseas manufacturing bases in Indonesia and Pakistan, covering the full product line including ice, washing, air, kitchen and bath, small household appliances and others, at the same time, the company enters into the fresh e-business, bio-medical and other new industrial fields.

Over the past 30 years, the company has always been adhering to the "independent innovation, created in China", elaborately building the core competitiveness of enterprises by technological innovation and product innovation. The company has set up the first RoHS public testing center in Anhui Province, the state-level enterprise technology center and the top-end R & D team, so that Meiling can continue to achieve breakthrough results in the variable frequency, energy saving, frost-free, cryogenic, intelligence and other fields.

In recent years, with the rapid development of Internet, cloud computing, big data and a new generation of information technology, the intelligence of home appliance industry has become the future development direction. Faced with the new changes in the industry development, the company puts forward the "Double Three One Core" strategy; "One Core" is intelligence. Under the guidance of "intelligent" strategy, in 2014, the company released CHiQ refrigerator with "cloud image recognition" as the core and CHiQ air conditioner based on "human state perception" technology; in 2015, the company began to implement the "Intelligent Life Project" to explore new path for the enterprise development; in 2016, the company launched the first "Intelligent Home Eco-circle Plan" in the global white goods industry and brought out the world's first temperature-zone free custom-made Internet of Things refrigerator (the second generation "Space Intelligence" CHiQ refrigerator) and the world's first user free custom-made intelligent air steward (CHiQ intelligent air steward) to accelerate the implementation of intelligent strategy. At the same time, the company successfully raised 1.57 billion Yuan of funds in the capital market by the non-public offering of shares which were mainly used in three key platforms including Meiling intelligent manufacturing, intelligent research and development and intelligent life. Three platforms integrate with each other and work together to boost Meiling to achieve the transformation of "intelligent gene" from the most basic level, and provide strong supports for the company's development and intelligent transformation. In future, with the help of "Intelligent Home Eco-circle Plan", Meiling will really transform from the integration of single industry chain to the integration

of eco-development. At present, the company has basically completed the industrial layout for comprehensive white goods. With the landing of a series of CHiQ intelligent products, continuous rising proportion of variable frequency products, diversified layout of product lines, and construction of fresh business platform in Meiling intelligent life O2O community, the company is gradually improving the home Internet layout, accelerating the intelligent process of household appliances, forming the "hardware + service" dual growth engine, driving the transformation and upgrading of the company's profit model, exploring new value-added pattern for the home appliance enterprise services, meeting new pattern of industry competition, and achieving its own sustained and stable development.

In reporting period, main income of the Company coming from refrigerator (freezer), air conditioner, washing machine, small home appliances and kitchen & toilet products etc., total amounting to 8,133.4198 million Yuan, a 95.49% of the operating income

II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes
Equity assets	No major changes.
Fixed assets	No major changes.
Intangible assets	No major changes.
Construction in progress	The parent company's intelligent manufacturing project and relocation expansion of Zhongke Meiling

2. Main overseas assets

√ Applicable □ Not applicable

Content of assets	Reason for the formation	Asset size	Location	Operation mode	Control measure to ensure the security of assets	Income	Foreign assets accounted for net assets of the Company	Whether exist significant impairment risk
60% equity of Changhong Ruba Trading Company	Investment establishment	US\$ 7.44 million	Pakistan	Sales	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media (No. 2011-028, No. 2011-032, No. 2014-023, No. 2014-026, No. 2016-027and	943,832.83	0.91%	N

					No. 2016-032) on 28 May 2011, 19 April 2014 and 25 March 2016 respectively			
40% equity of Changhong Ruba Electric Company(Pri vate)Ltd.	Investment establishme nt	US\$ 6.524 million	Pakistan	Manuf acture	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media (No. 2011-028, No. 2011-032, No. 2014-023 and No. 2014-026) on 28 May 2011 and 19 April 2014	-253,047.79	0.57%	N
100% equity of CHANGHO NG MEILING ELECTRIC INDONESIA . PT	Investment establishme nt	US\$ 6 million	KELAP A GADIN G, JKT, Indonesi a	Sales	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media (No. 2016-027 and No. 2016-032) on 25 March 2016	-2,704,602.28	0.32%	N
Other notes	N/A							

III. Core Competitiveness Analysis

Does the Company need to comply with disclosure requirements of the special industry: No

1. Brand capacity

The Company is one of the famous home appliances manufacturers in the PRC, owns several product lines such as refrigerator, freezing box and air conditioner. Meiling trademark is listed as one of the most valuable brands in China and is the well-known trademarks national-wide. The trademark “Athena” in refrigerator, freezer (services) of the Company was recognized as the famous mark in Anhui Province. The Company released CHiQ intelligent first and second generation refrigerator, AC and intelligent air steward in succession since 2014. And creating a high-end intelligent brand image around the plan of “Wisdom Home Ecosystem” for opening a white intelligence era. While in order to enhance the brand image and further expand the market influence of the brand, the company held a conference for "New LOGO release and offline of the 10th million set of frequency conversion products" in October 2015, comprehensively updated LOGO "**MELING 美菱**", and launched the new brand proposition of "Meiling, let the good come". Along with the release of new LOGO, Meiling will also implement a brand strategy of "Good Trilogy", including the direct sensory experience of “experience the good”, the spirit soul enjoyment of “enjoy the good”, and the lifestyle faith of “believe in the good”.

By our efforts to rebuild our brand, Meiling will realize a young, international and professional brand image. Through gradual construction of the ideas of Wonderful Start Point, Wonderful Life Circle and Wonderful Ecology Circle, Meiling has become a people-oriented artist specializing in white appliances, a smarter scientific expert and a more reliable house keeper.

2. Product capacity

In more than 30 years, the company has been focusing on the refrigeration industry, has developed a variety of different types of refrigerator products that lead the industry development trend, including two-door and multi-door Athena series of high-end refrigerators, top-level energy-saving refrigerators with daily power consumption of only 0.23 degrees, CHiQ refrigerator taking "cloud image recognition" technology as the core, and 2nd generation-CHiQ refrigeration, which can realized the space change along with the food requirements with human-oriented characteristics.

The Company owned advanced development and quality assurance systems, and received certification of ISO9001, ISO14001 and OHSAS18001 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. As for product development, combine with technology development trend and characteristics of demand from upgrades in consumers, the Company, put more efforts on products planning. In 2017, continues to expand the development of medium&high quality products, including CHiQ intellectual products, inverter products, air patenting, multi zone and large volume, the product has obvious upgrade in structures.

As for the air conditioning products, the Company adheres to the technical strategy by taking intelligence and variable frequency as the core, intensively studies the human state perception technology and intelligent interactive technology, focuses on completing the research and development of intelligent voice recognition technology and productization, successively releases the first generation of CHiQ air conditioner based on "human state perception" technology and CHiQ intelligent air steward that can automatically change air.

The Company continues to adhere to the intelligent and variable frequency products, and promote the Company's products to continuously transform to high end by boosting the follow-up research and development, promotion and technology updates of intelligent and variable frequency products. Meanwhile, the company improves the manufacturing efficiency and product quality, reduces product costs and enhances product competitiveness by comprehensively implementing intelligent upgrading and rebuilding to all production lines. In addition, the company improves the home appliance product line through the layout of kitchen and bath and small household appliances and has initially completed the layout for integrated white goods. Meanwhile, based on "Intelligent Home Eco-circle" plan and taking the existing products as the core, the company will enhance the

R&D, manufacturing, sales and collaboration capabilities of integrated white goods, and provide users with a set of intelligent white goods system solutions.

3. Operation capacity

The Company conducted benchmark management to improve its basic management level. In specific, efficiency enhancement has been made in areas of personnel, money and materials, trying to continuously enhance the internal management. A performance review and sharing system has been established with clear target and quantity index based on performance and layered incentive sharing system, thus to inspire the internal production capacity. Under the mainline of value chain management, the Company continued to carry out value creation and improve its competitiveness. Its ability to prevent risks has been also strengthened through continuous improvement of internal control system.

4. Marketing ability

The Company has established a relatively complete sales network and service system, among them, the domestic sales channels emphasizing online and offline collaboration and integration, through the business operation mode system construction (target management, value chain management, sales promotion, product mix and channel strategy, etc.) and promotion, the pace of business in the period constantly tends to be benign, has a balanced development in chain, wholesale, e-commerce and other channels, and the product competitiveness has been improved; the overseas market has been strengthened by increasing the investments in overseas marketing organizations, research and development bases and production bases, we cooperate with world-wide well-known appliance brand dealer and distributor, optimized client's structure and enhance product structure, the Company has been actively develop the overseas market, and the products have been exported to more than 130 countries and regions.

Section IV Discussion and Analysis of the Operation

1. Summary

In 2017, under the international macro-environment of ups and downs in global economic recovery and global overproduction, China's economic upward momentum and downward pressure are still in a weak equilibrium state, and there are still many uncertainties in economic development. In this context, in the first half of 2017, the domestic appliance industry has been facing many factors, such as cost increase in raw materials, saturation in terminal market, increased regulation in real estate, and upgrading of energy efficiency standard, etc.. In the new normal of home appliances, the competition in home-appliance industry becomes increasingly fierce; innovation and breakthrough becomes the key to make the company bigger and stronger.

In the first half of 2017, under the strategic guidance of “Meiling Dream” and “Double Three One Core”, the company insisted on the operating principle of “product leading, marketing force, manufacturing breakthrough, mechanism protection”, overcame the negative factors such as weak increase in macro economy and continuous decline in industry market with the joint efforts of all staff, the domestic refrigerator sales outperformed the industry market, the e-commerce business greatly increased, the market position of export refrigerators (freezers) has been consolidated; air conditioning industry had a rapid growth; washing machine rapidly developed; kitchen and bath and small appliances also had a rapid growth. In first half of 2017, the Company has achieved operating income of RMB 8.518 billion, an increase of 24.05% on a year-on-year basis; net profit attributable to the parent company of RMB 92.0750 million, a decrease of 16.29% on a year-on-year basis.

II. Main Business Analysis

(I) Overview

Shows no difference with the summary disclosed in Report of the Board of Director

☐Yes ☒No

1. Summary

In first half of 2017, refrigerator and freezer business achieved revenue of approximately RMB 3.712 billion, 5.71% increased on a y-o-y basis; air-conditioning business achieved revenue of approximately RMB 3.831 billion, 48.55% up y-o-y; washing machine business achieve revenue around RMB 0.227 billion, with year-on-year growth of 5.93 %; other business of small home appliance and kitchen & toilet products have revenue approximately as RMB 0.363 billion with

9.94% up y-o-y. At the same time, revenue from exportation gains RMB 2.12 billion, a y-o-y growth of 29.63%.

2. Progress of the Company's development strategy and business plan during the reporting period

During the reporting period, in accordance with the development strategy and 2017 operating principles, the Company has deployed the annual business plan, arranged the production and management, and carried out the following activities:

(1) Product leading:

During the reporting period, the company continued to focus on “intelligent and variable frequency strategy” and carry out the product upgrading, in the first half year, the sales of intelligent refrigerator increased by 1.1 percent point compared with the same period of last year, and the sales of inverter refrigerator increased by 16.8 percent point compared with the same period of last year, both achieved the expected goal.

In technical research, the company adhered to the fundamental research upgrade of core technology, maintained the existing technological superiority, expanded the innovation and upgrading in technology field, broke through the differentiation, and led the industry benchmark. Among them: in the inverter core technology, further optimized and upgraded, reduced the cost of inverter technology, enhanced product competitiveness, and maintained the industry advanced level; in the simulation supporting technology, obviously promoted the product performance by CFD air duct design capacity building; in the energy-saving key technology, maintained the optimal design capabilities in refrigeration system, focused on the new national standard to carry out the research on “integrated efficiency optimization program of refrigeration system”, and achieved fruitful results in integration research on CFD technology and evaporator refrigeration system, and effectively promoted the research and development of low-cost new energy-saving refrigerator.

(2) Marketing force:

During the reporting period, the company's domestic refrigerator and washing machine sales outperformed the industry market, the market position has been further consolidated and enhanced. From the offline market sales, CMM's data showed the retail sales of refrigerator industry declined by 1.23% on a year-on-year basis, but the retail sales of the company's refrigerator rose by 2.17% on a year-on-year basis; the retail sales of air-conditioning industry rose by 14.75% on a year-on-year basis, while the retail sales of the company's air-conditioning rose by 8.86% on a year-on-year basis; the retail sales of washing machine industry rose by 0.25% on a year-on-year basis, while the retail sales of the company's washing machine greatly rose by 15.45% on a

year-on-year basis.

From the online sales, AVC (All View Cloud) data showed that the company's online refrigerator and air conditioning sales have further enlarged the results. Among them, the retail sales of refrigerator industry rose by 64.04% on a year-on-year basis, and the retail sales of the company's refrigerator rose by 93.05% on a year-on-year basis; the retail sales of air-conditioning industry rose by 128.79% on a year-on-year basis, while the retail sales of the company's air-conditioning rose by 91.95% on a year-on-year basis.

As for the export business, the company's refrigerator and air-conditioning product lines have continued to maintain a rapid growth like a few years ago. According to the customs data and statistics, the amount of exports of refrigerator industry rose by 19.75% on a year-on-year basis, and the company's amount of exports rose by 17.45% on a year-on-year basis; the amount of exports of air conditioning industry rose by 2.23% on a year-on-year basis, while the amount of exports of the company's air conditioning rose by 15.87% on a year-on-year basis, and achieved good development.

(3) Manufacturing breakthrough:

During the reporting period, the intelligent manufacturing, efficient production line project in Jiangxi Province, large refrigerator efficiency enhancing project, recruit upgrade projects and other projects advanced in an orderly manner, which overall pulled the improvement of manufacturing efficiency.

(4) Mechanism protection:

During the reporting period, the company further implemented the incentive mechanism to activate the team, constantly explored the team potential and enhanced the competitiveness of the company by implementing the medium and long term performance incentive plan and continuously promoting the operation activation plan and other multilevel, multiform incentive sharing.

In the talent mechanism, the company continued to promote the 100 people echelon project to select and train all kinds of key employees; in the innovation mechanism, brought the innovative spirit and fault-tolerant mechanism into the relevant management system; in the accountability mechanism, confirmed the main idea of accountability system construction, sorted out the key and core system of main business process, and defined the accountability subject and assess the specific objectives; in the benchmarking mechanism, 32 projects have been proposed and promoted after assessment by establishing working mechanism during the reporting period.

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

In RMB

	Current period	Same period of last	Y-o-y	Reasons for changes
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		year	increase/d ecrease	
Operation revenue	8,517,794,193.10	6,866,631,262.68	24.05%	--
Operation cost	6,996,226,048.85	5,432,461,687.10	28.79%	--
Sales expenses	1,140,172,032.08	1,075,647,750.60	6.00%	--
Administrative expenses	222,533,091.74	175,964,420.95	26.46%	--
Financial cost	-33,454,482.67	-39,699,342.16	15.73%	--
Income tax expense	9,439,557.86	18,816,185.98	-49.83%	Taxable income declined on a y-o-y basis in the period
R&D expenses	184,681,025.99	207,876,418.69	-11.16%	--
Net cash flow arising from operation activities	484,230,697.91	871,689,504.89	-44.45%	Commodity purchased increased and note payable on due on a y-o-y growth in the period
Net cash flow arising from investment activities	-564,891,050.65	374,877,700.49	-250.69%	The principal paid for entrust financing increased in the period on a y-o-y basis
Net cash flow arising from financing activities	911,251,695.82	682,926,101.22	33.43%	Short-term loans from parent company increased on a y-o-y basis
Net increase of cash and cash equivalent	823,360,098.63	1,941,723,175.47	-57.60%	Same reason as "Net cash flow arising from investment activities"
Note receivable	2,511,715,429.41	1,421,429,723.73	76.70%	The note receivable did not expire temporarily at period-end increased
Account receivables	2,048,332,541.11	1,118,960,552.49	83.06%	The credit sales increased on a y-o-y basis in the period
Account paid in advance	289,836,060.91	134,706,488.38	115.16%	The account paid in advance at period, for bidding the plants and office and land use right under the name of Anhui Dongwei Solar Energy Technology Co., Ltd.
Other receivables	68,537,511.44	39,553,919.44	73.28%	The export rebates increased without received in the period and the petty cash increased in the period
Inventory	2,582,538,614.47	1,974,526,734.86	30.79%	The inventory increased with the y-o-y growth of sales volume
Non-current assets due within one year	46,133,664.00	12,625,340.00	265.41%	The long-term fixed time deposit from subsidiary Zhongshan Changhong, were re-classified to non-current assets due within one year at period-end
Financial assets available for sale	31,000,000.00	17,000,000.00	82.35%	More investment for Hongyun Fund in the Period

Construction progress	148,626,411.17	107,037,409.95	38.85%	The parent company's intelligent manufacturing project and construction of relocation and expansion revamp from Zhongke Meiling
Development expenditure	73,961,222.33	45,023,750.60	64.27%	More investment for research and development in the period
Long-term amortization expenses	2,583,106.23	1,132,075.48	128.17%	The long-term assets to be amortized increased from subsidiary Sichuan Air-Conditioner in the period
Other non-current assets	—	34,615,630.00	-100.00%	Same as "Non-current assets due within one year"
Short-term loans	1,432,622,701.07	288,343,724.73	396.85%	Parent company's short-term loans increased in the period
Financial liability measured by fair value and whose change is recorded in current gains and losses	9,671,394.08	559,249.58	1629.35%	Changes of fair value of forward foreign exchange contract in the period
Note payable	4,573,857,981.57	2,635,051,740.30	73.58%	The note payable did not expire temporarily at period-end increased
Account payable	3,168,053,679.32	2,331,899,310.82	35.86%	Material purchasing increased with the growth of procurement scale in the period
Wages payable	103,531,061.56	189,592,039.00	-45.39%	The salary and year-end bonus and performance incentive fund, which were accrual last year, are paid in the period
Taxes payable	85,377,009.73	59,849,032.13	42.65%	Payable VAT at period-end increased over that of year-beginning for the selling seasons
Interest payable	708,602.61	1,617,352.01	-56.19%	Interest of loan payable are paid by parent company in the period
Dividend payable	16,972,722.88	2,545,801.23	566.69%	Dividend issued in the period, and some of the shareholders are not withdrawing yet
Other account payable	812,770,528.06	622,580,323.43	30.55%	Other payables which were not paid temporary increased at period-end
Non-current liability due within one year	59,718,504.77	272,202,590.10	-78.06%	The long-term loans are due for payment, which were re-classified as non-current liability due within one year
Long-term loans	253,460,000.00	38,908,788.00	551.42%	Parent company's long-term loans increased in the period
Special payable	980,000.00	1,400,000.00	-30.00%	The government specific fund are paid by subsidiary Zhongshan Changhong, in line with the joint

				development agreement, which are not accepted temporary
Other comprehensive income	938,467.33	3,474,546.95	-72.99%	Changes of the foreign currency rates from overseas' subsidiary
Minority interests	98,755,957.79	70,921,198.01	39.25%	Same of the subsidiary earns in the period and purchasing minority from some of the subsidiaries
Changing income of fair value	-10,359,085.30	-1,278,570.21	-710.21%	Losses from fair value changes in forward foreign exchange contract
Investment income	23,593,349.66	4,153,090.95	468.09%	Income from entrust financing received in the period increased on a y-o-y basis
Investment income on affiliated company and joint venture	-3,226,328.17	-833,210.42	-287.22%	Joint venture has a y-o-y losses in the period
Non-operating expenditure	11,455,300.63	1,818,874.18	529.80%	Losses from assets disposal for relocation from subsidiary Mianyan Refrigeration
Income of non-current assets disposal	11,359,875.16	1,545,129.64	635.21%	Same as "Non-operating expenditure"
Minority shareholders' gains and losses	6,019,661.62	-69,054.44	8817.27%	Some of the non-wholly-owned subsidiary earns on a y-o-y basis in the period

(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) 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 industries						
Manufacture of household appliances	8,133,419,814.85	6,646,020,504.49	18.29%	22.58%	27.16%	-2.94%
According to products						

Refrigerators, freezers	3,712,357,454.31	3,021,413,721.30	18.61%	5.71%	14.39%	-6.18%
Air conditioning	3,830,599,287.94	3,157,180,107.27	17.58%	48.55%	49.09%	-0.30%
Washing machine	227,162,009.50	177,357,302.38	21.92%	5.93%	1.43%	3.45%
Small appliances & kitchen & bath	264,195,096.38	229,232,770.78	13.23%	37.13%	31.73%	3.55%
Others	99,105,966.72	60,836,602.76	38.61%	-28.08%	-48.69%	24.65%
According to region						
Domestic	6,013,436,261.57	4,647,630,149.87	22.71%	20.27%	23.50%	-2.02%
Foreign	2,119,983,553.28	1,998,390,354.62	5.74%	29.63%	36.57%	-4.78%

III. Analysis of the non-main business

√ Applicable □ Not applicable

In RMB

	Amount	Ratio in total profit	Note	Whether be sustainable
Investment income	23,593,349.66	21.94%	Income from financial services	N
Changes in fair value	-10,359,085.30	9.63%	Loss from fair value changes of the forward foreign exchange contract	N
Asset impairment	45,493,272.74	42.31%	Receivable bad debt accruals increased in the period	N
Non-operating income	23,491,147.85	21.85%	Government grants received in the period	N
Non-operating expense	11,455,300.63	10.65%	Losses from assets disposal for relocation from subsidiary Mianyan Refrigeration	N

IV. Assets and liability

1. Major changes of assets composition

In RMB

	End of current period		Same period of last year		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	4,918,185,647.77	29.47%	4,136,998,121.62	35.19%	-5.72%	Total assets at period-end increased on a y-o-y basis
Account	2,048,332,541.11	12.27%	1,950,050,884.81	16.59%	-4.32%	No major changes

receivable						
Inventory	2, 582, 538, 614. 47	15. 47%	1, 591, 370, 410. 84	13. 54%	1. 93%	No major changes
Investment real estate	12, 871, 340. 33	0. 08%	13, 679, 922. 44	0. 12%	-0. 04%	No major changes
Long-term equity investment	90, 247, 745. 70	0. 54%	78, 801, 651. 30	0. 67%	-0. 13%	No major changes
Fix assets	1, 214, 541, 611. 12	7. 28%	1, 250, 350, 428. 82	10. 64%	-3. 36%	No major changes
Construction in progress	148, 626, 411. 17	0. 89%	67, 818, 577. 71	0. 58%	0. 31%	No major changes
Short-term loans	1, 432, 622, 701. 07	8. 58%	718, 762, 164. 03	6. 11%	2. 47%	No major changes
Long-term loans	253, 460, 000. 00	1. 52%	50, 290, 088. 80	0. 43%	1. 09%	No major changes

2. Assets and liability measured by fair value

√ Applicable □ Not applicable

In RMB

Items	Amount at the beginning period	Changes of fair value gains/losses in this period	Accumulative changes of fair value reckoned into equity	Devaluation of withdrawing in the period	Amount of purchase in the period	Amount of sale in the period	Amount in the end of period
Financial assets							
1. Financial assets measured by fair value and whose change is recorded in current gains and losses(excluding derivative financial assets)	12, 060, 213. 30	-1, 246, 940. 80					10, 813, 272. 50
2. Derivative financial assets							
3. Financial assets available for sale							
Subtotal of financial assets	12, 060, 213. 30	-1, 246, 940. 80					10, 813, 272. 50
Investment real estate							

Productive biological asset							
Other							
Total	12,060,213.30	-1,246,940.80					10,813,272.50
Financial liabilities	559,249.58	9,112,144.50					9,671,394.08

Whether there have major changes on measurement attributes for main assets of the Company in report period or not

☐ Yes ☒ No

3. Assets right restricted ended as reporting period

Ended as the reporting period, the Company has no major assets been closed down, detain, freeze or pledge and guarantee

V. Investment

1. Overall situation

☒ Applicable ☐ Not applicable

Investment in the reporting (RMB)	Investment in the same period of last year (RMB)	Changes
199,413,900	140,650,000	41.78%

2. The major equity investment obtained in the reporting period

☒ Applicable ☐ Not applicable

In RMB

Name of investee	Principal business	Method of investment	Amount of investment	Share holding	Capital sources	Partners	Term of investment	Type of products	Status as of the balance sheet date	Expected return	Current investment profit and loss	Whether litigation	Date of disclosure (if applicable)	Index of disclosure (if applicable)
Meiling CANDY Washing Machine Co., Ltd.	R&D, sales and after-sale services of washing machines; own and operate all types of goods and technology import & export business	Newly established	90,000,000	60%	Owned fund	Candy Hoover Group S.r.l	20-year	Washing machine etc.	Contributes 30 million Yuan in the period	Not applicable	-56,041.83	N	2017-3-30	www.cninfo.com.cn Juchao Website: www.cninfo.com.cn (No.: 2017-010)
Zhongshan Hongyou Electric Co., Ltd.	Manufacturing and sales of the following: air-conditioner, air cooler, air purifier, heat pump, new wind system equipment, electric heater, electric fan, refrigerators and freezers, water heating, water filter, humidifier, clothes dryer, dehumidifier, air water machine, electric fireplace, kitchen appliance and tools as well as refrigerating unit and home appliances; sales of electric raw/auxiliary materials, electrical parts;	Newly established	24,000,000	60%	Owned fund	Zhuhai Samyou Environmental Technology Co., Ltd.	Long-term	Home appliances as air-conditioner etc.	Contributes 0 Yuan in the period	Not applicable	--	N	2017-3-14	www.cninfo.com.cn Juchao Website: www.cninfo.com.cn (No.: 2017-006)

	goods and technology import & export business													
Sichuan Hongyun New – G IT Venture Capital Fund	Venture business: act on behalf of institution or individuals as other venture firms in a venture business; investment advisory business; providing venture management services for venture; participate in establishing a venture business and management consulting organ for the venture	Capital increment	40,000,000	16%	Owned fund	Sichuan Hongyun Venture Equity Investment Management Co., Ltd., State Development & Investment Corp., Sichuan Technology Transfer Center, Sichuan Changhong Electric Co., Ltd., Chengdu Tianfu Innovation Equity Investment Fund Center (Limited Partner), Sichuan Changhong Jiahua Digital Technology Co., Ltd.	8-year	Not applicable	Contributes 14 million Yuan in the period, invested 26 million Yuan accumulatively.	Not applicable	--	N	2015-08-12	www.cninfo.com.cn Juchao Website: www.cninfo.com.cn/ No.: 2015-035)
Changmei	Development, production	Stock	46,320,000	92.64	Owned	Management	20-	Fresh food	In reporting	Not	-450.13	N	2016-11-26	www.cninfo.com.cn

Technology Co., Ltd.	and sales of computer hardware & software, technology development, production and sales of internet of Things equipment, development and maintenance of E-commerce software, information service, technical transfer and services of the internet, domestic AD designing, production, agencies and release, sales of prepackaged food, dairy products, general merchandise, alcohol, beverage and agricultural products, crop planting, self-support goods and technology import and export business.(except items prohibited or restricted by laws and regulations)	rights assigning		%	d fund	team of Changmei Technology	year	e-commerce	period, transfer 2.64% equity (not funded by part of the no-core employees), Contributes 528,000 Yuan in the period, and 18.528 million Yuan funded accumulatively	applicable				Juchao Website: www.cninfo.com.cn/No.: 2016-068)
Guangzhou Changhong Trade Co., Ltd. Guangzhou Changhong Trade Co., Ltd.	Commodity wholesale trading (except for the licensed commodities); goods import & export business (exclusive monopoly commodities); technology import & export	Newly established	1,000,000	100%	Owned fund	N/A	Long-term	Not applicable	Contributes one million Yuan in the period	Not applicable	-25,239.22	N	2016-11-26	www.cninfo.com.cn Juchao Website: www.cninfo.com.cn/No.: 2016-068)

Zhongshan Hongling Trade Co.,Ltd. Zhongshan Hongling Trade Co., Ltd.	Domestic trading; goods and technology import & export	Newly established	1,000,000	100%	Owned fund	N/A	Long-term	Not applicable	Contributes 0.6 million Yuan in the period	Not applicable	-231,100.18	N	2016-11-26	www.cninfo.com.cn Juchao Website: www.cninfo.com.cn/ No.: 2016-068)
Total	--	--	202,320,000	--	--	--	--	--	--	Not applicable	-312,831.36	--	--	--

3. The major non-equity investment doing in the reporting period

☒ Applicable ☐ Not applicable

Project Name	Investment Method	Fixed Investments or not	Industry involved in Investment Projects	Investment Amount in this Reporting Period	Accrued Actual Investment Amount up to the End of Reporting Period	Capital Source	Project Schedule	Anticipated Income	Accrued Realized Income up to the End of Reporting Period	Reasons for not Reaching the Planned Schedule and Anticipated Income	Disclosed Date (if any)	Disclosed Index (if any)
1 million sets of environmental and energy saving refrigerator intelligent production line construction project (Note 1)	Self-built	Yes	Home appliance manufacturing industry	18,700,000	18,700,000	Self-owned Funds	Complete 8.92% of total investment	The intelligent production line for one million sets of environmental and energy-saving refrigerators shall be formed after this project being put into operation	Project is under planning during the reporting period, no income yet.	Not Applicable	2017-3-14	www.cninfo.com.cn (Announcement No. 2017-006)
2 million sets of automatic washing machines production base project (Note 2)	Self-built	Yes	Home appliance manufacturing industry	134,585,900	134,585,900	Self-owned Funds	The company successfully bade for the plant, office building and land use rights under the name of Anhui	The production capacity of 2 million sets of automatic washing machine shall be formed after this project being put into operation	Project is under planning during the reporting period, no income yet.	Not applicable	2017-3-30, 2017-4-14	www.cninfo.com.cn (Announcement No. 2017-010, No. 2017-024)

							Dongwei Solar Technology Co., Ltd. from the judicial sale with its own funds of RMB134,585,900, the project is under planning at present					
Total	--	--	--	153,285,900	153,285,900	--	--	--	--	--	--	--

Note 1: In order to meet the increasing market demands, make up for the insufficient capacity, enhance the operating efficiency of the company's production line, and further promote the company's intelligent manufacturing process, the 28th meeting of the company's 8th Board of Directors approved and agreed the company's subsidiary Jiangxi Meiling Electric Appliance Co., Ltd. (Hereinafter referred to as "Jiangxi Meiling") to invest RMB 209,600,000 to build 1 million sets of environmental and energy saving refrigerator intelligent production line construction project, meanwhile, in order to ensure the smooth implementation of this investment and construction project, agreed the company to increase capital of RMB 200 million to Jiangxi Meiling for investing in this project. See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-006) on March 14, 2017. At present, this project is going well, plant construction and equipment procurement are underway.

Note 2: According to the company's strategic development plan, combined with the company's business needs, and in order to make up for the insufficient research and manufacturing capacity of washing machine industry so as to meet the market demands, the 29th meeting of the company's 8th Board of Directors approved and agreed the company's to invest no more than RMB 371,210,000 in the construction of the 2 million sets of automatic washing machines production base project. In addition, the 29th meeting of the company's 8th Board of Directors approved and agreed the company to successfully bid for the plant and office building (covering an area of 86,087.65 square meters) and land use rights (covering an area of 116,233.61 square meters) under the name of Anhui Dongwei by public auction organized by the court with its

own funds of RMB134,585,900, and use the plant and land as the washing machine production base for construction. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-010, No. 2017-024) on March 30, 2017 and April 14, 2017. The project construction is still under planning at present. In order to launch the self-built washing machine manufacturing base project as soon as possible and find a suitable place for the project implementation, after the field research, assessment and analysis, the company has agreed to participate in the judicial sale of the plant, office building and land use rights under the name of Anhui Dongwei Solar Technology Co., Ltd. (Hereinafter referred to as “Anhui Dongwei”) that Shushan District People's Court of Hefei City published on the website of Hefei Public Resource Trading Center with its own funds of no more than RMB158,085,900, and participated in this bidding in accordance with legal procedures. The company finally received the Execution Ruling in Writing (No. (2016)W0104Z009) issued by Shushan District People's Court of Hefei City on April 12, 2017. At present, the company is actively handling the procedures related to assets transfer in accordance with the Execution Ruling in Writing issued by Shushan District People's Court of Hefei City.

4. Financial assets investment**(1) Securities investment**

☐ Applicable ☒ Not applicable

The Company had no securities investment in the reporting period.

(2) Derivative investment

☒ Applicable ☐ Not applicable

In 10 thousand Yuan

Operator	Related relationship	Whether related trade or not	Type	Initial investment	Start date	End date	Investment amount at period-begin	Amount purchased in the reporting period	Amount sales in the reporting period	Amount of reserve for devaluation of withdrawing (if applicable)	Investment amount at period-end	Ratio of investment amount at period-end in net assets of the Company at period-end	Actual gains/losses in period
Financial institution	N/A	No	Forward foreign exchange contract	63,230.44	2016-6-8	2018-6-26	37,890.69	146,171.07	83,257.22	-	100,081.32	19.55%	723.22
Total				63,230.44	--	--	37,890.69	146,171.07	83,257.22	-	100,081.32	19.55%	723.22
Capital resource(if applicable)				Owned fund									
Lawsuit involved (if applicable)				Not applicable									
Disclosure date for approval from the Board for investment of derivatives (if applicable)				2017-3-30									
Disclosure date for approval from board of shareholders for investment of derivatives (if applicable)				2017-5-4									
Risk analysis and controlling measures for derivatives holdings in the Period (including but not limited to market risk, liquidity risk, credit risks, operation risk and law risks etc.)				<p>1. Market risk: domestic and international economic situation changes may lead to exchange rate fluctuations, forward foreign exchange transactions are under certain market risk. Forward foreign exchange business is aiming to reducing impact on corporate profits by foreign exchange settlement and sale prices, exchange rate fluctuations. The Company will follow up the exchange fluctuation, on the basis of target rate determined from the business, relying on the research of the foreign currency exchange rates, combined with prediction of consignments, and burdening ability to price variations due to exchange rate fluctuations, then determine the plan of forward foreign exchange contracts, and make dynamic management to the business, to ensure reasonable profit level.</p> <p>2. Liquidity risk: all foreign exchange transactions are based on a reasonable estimate of the future import and export business, to meet the requirements of the trade</p>									

	<p>authenticity. In addition, forward foreign exchange transactions are processed with bank credit, will not affect liquidity of company funds.</p> <p>3. Bank default risk: if cooperative banks collapse within the contract time, the Company will not be able to transact the original foreign exchange contracts with contract price, which leads the risk of income uncertainty. So the Company chose Bank of China, Agricultural Bank of China, Industrial and Commercial Bank of China, China Construction Bank and other Chinese Banks and part of the larger foreign Banks (such as Deutsche Bank, UOB, Overseas Chinese Bank, HSBC, etc.) to conduct the trading of foreign exchange capital. These banks share a solid strength and management whose failure and the risk of loss may bring to the Company is very low.</p> <p>4. Operational risk: improper operation of the person in charge of forward foreign exchange transactions may cause related risk also. The Company has formulated related management system which defines the operation process and responsibility to prevent and control risks.</p> <p>5. The legal risks: unclear terms based in contract signed with banks for related transactions may lead legal risks when forward foreign exchange transactions are processing. The Company will strengthen legal review, and choose good bank to carry out this kind of business as to risk control.</p>
Invested derivative products have changes in market price or fair value in the Period, as for analysis of the fair value of derivatives, disclosed specific applied methods and correlation assumption and parameter setting	<p>The Company determines fair value in accordance with the Chapter VII “Determination of Fair Value” carried in the Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments. Fair-value is basically obtained according to prices offered by bank and other pricing services. While fair-value of derivatives is mainly obtained according to the balance between prices given by outstanding contracts and forward prices given by contracts signed during the reporting period with bank. The differences are identified as trading financial assets and liabilities. During the reporting period, forward foreign exchange contracts and losses of the Company is RMB 7. 2322 million.</p>
Specific principle of the accounting policy and calculation for derivatives in the Period compared with last period in aspect of major changes	Not applicable
Special opinion on derivative investment and risk control by independent directors	<p>Upon inspection, the independent directors of the Company believes that: during the reporting period, the Company carried out its foreign exchange forward deals in strict compliance with the standardized operation guidelines for listed issuer on main board (2015 amended) issued by Shenzhen Stock Exchange, the Articles of Association, Authorization Management of the Company, Management System in relating to Foreign Exchange Forward Deals of Hefei Meiling Co., Ltd., and these deals were conducted within the authorization scope under general meeting and board meeting. The Company conducts no foreign exchange transactions on the purpose of getting profit only, all of the forward foreign exchange transactions are operates based on normal operating and production, which is relying on specific business operations with purpose of avoiding the preventing the risks in exchange rate. The forward foreign exchange transactions of the Company are beneficial to prevent the exchange risks exposed by import and export business and thus met its requirement for operation development. There was no speculative operation, no break of relevant rules and regulations and relevant business was conducted under corresponding decision-making procedures. Interests of the Company and entire shareholders, especially minority shareholders, were not prejudiced.</p>

VI. Sales of major assets and equity**1. Sales of major assets**

☐ Applicable ☒ Not applicable

The Company had no sales of major assets in the reporting period.

2. Sales of major equity

☐ Applicable ☒ Not applicable

VII. Analysis of main holding company and stock-jointly companies

√ Applicable □ Not applicable

(I) Particular about main subsidiaries and stock-jointly companies net profit over 10%

In RMB

Company name	Type	Main business	Industry	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Zhongke Meiling Cryogenic Technology Co., Ltd.	Subsidiary	Research and development, manufacturing and sales of ultra-low temperature freezer	Manufacturing	68,150,000	226,577,616.47	115,862,492.11	60,567,937.18	2,936,293.64	2,968,339.70
Jiangxi Meiling Electric Appliance Co., Ltd.	Subsidiary	Manufacturing of refrigeration and freezer	Manufacturing	50,000,000	610,043,716.32	88,495,146.09	340,298,917.37	223,238.07	1,883,499.28
Mianyang Meiling Refrigeration Co., Ltd.	Subsidiary	Manufacturing of refrigeration and freezer	Manufacturing	100,000,000	151,479,226.93	93,466,447.72	82,194,556.20	-2,862,555.47	-4,531,208.61
Sichuan Changhong Air-conditioner Co., Ltd.	Subsidiary	R&D, manufacturing and domestic sales of air-conditioner	Manufacturing	200,000,000	3,526,134,410.37	577,588,200.20	2,781,737,556.72	33,535,396.53	36,882,767.44
Zhongshan Changhong Electric Co., LTD	Subsidiary	R&D, manufacturing and domestic sales of air-conditioner	Manufacturing	184,000,000	1,597,637,700.67	231,496,283.85	1,384,285,987.97	-12,543,826.48	-14,522,841.05

Hefei Meiling Electric Appliance Marketing Co., Ltd	Subsidiary	Sales of white goods	Sales	55,000,000	278,321,076.78	-266,636,231.93	802,402,320.20	41,454,464.99	41,789,074.03
Hefei Meiling Group Holdings Limited	Subsidiary	Sales of white goods	Sales	80,000,000	1,006,170,550.42	85,757,235.04	1,476,038,071.44	3,629,197.39	2,860,990.99
Changmei Technology Co., Ltd.	Subsidiary	E-business of agricultural products and fresh	Fresh food e-commerce	50,000,000	12,091,268.44	7,723,134.41	9,131,880.78	-4,860,660.93	-4,858,959.95
Guangdong Changhong Ridian Technology Co., Ltd.	Subsidiary	R&D, manufacturing and sales of kitchen and toilet products, small home appliances and water purifier	Manufacturing	83,000,000	248,987,291.99	113,175,193.72	208,290,529.53	4,394,461.91	4,057,326.42

(II) Notes of holding and shareholding companies

√ Applicable □ Not applicable

Company Name	The method of obtaining and handling subsidiaries during the report period	The influence to the whole production and performance
Meiling CANDY Washing Machine Co., Ltd.	Investment	Co-invested and established with Candy Group on April 27, 2017, mainly takes charge of the production, research and development, and sales of washing machine products, which is conducive to improving the comprehensive competitiveness of the company's washing machine products. The company will make full use of the production capacity, product development capabilities, sales channels, manufacturing scale and quality control and other advantages that the company and Candy Group have in washing machine so as to rapidly lay out the washing machine market, expand the product market shares of Meiling brand and Candy brand, and enhance the company's profitability and comprehensive competitiveness.
Zhongshan Hongyou Electric Co., Ltd.	Investment	Established on May 11, 2017, mainly engaged in research and development, and sales of air-conditioning products, which is conducive to enhancing the competitiveness of air-conditioning products, further optimizing the product structure, and expanding the overseas business development of air-conditioning.
Guangzhou Changhong Trade Co., Ltd.	Investment	Minor effect on the overall production and operation and performance of the company
Zhongshan Hongling Trade Co., Ltd.	Investment	Minor effect on the overall production and operation and performance of the company
Xi'an Meizhilai Electric Appliance Marketing Co., Ltd.	Clearing off	Minor effect on the overall production and operation and performance of the company

Notes of holding and shareholding companies: Nil

VIII. Structured vehicle controlled by the Company

□ Applicable √ Not applicable

IX. Prediction of business performance from January – September 2016

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

X. Risks and countermeasures

(1) risks and countermeasures

In the 2017, faced with the more intense competition in home appliance market and other objective factors, the enterprise will have worse survival environment. In the future, the company will face the weak macroeconomic growth, severe industry situation, intensifying competition, rising costs, new business models and the impact of Internet era and other risks.

Faced with the above risks, on the one hand, the company will raise awareness of risk prevention and make layout in product, technology, and market ahead of time. Along with the smooth implementation of intelligent manufacturing, intelligent research and intelligent life, the company's products are transforming to high end and intelligence, the company will insist on the intelligent and variable frequency product strategy, at the same time, enrich the product lines and build a comprehensive home appliance enterprise. On the other hand, under the leadership of the board of directors and the guideline of "Meiling Dream", the company will carry out the guideline for management of "product leading, marketing force, manufacturing breakthrough, mechanism protection", take globalization as a platform to continue to promote technological innovation, and improve the product competitiveness from quality, high end and fashion technology by promoting the manufacturing efficiency and technological level; speed up the online and offline channel integration by improving the offline terminal marketing capacity of domestic sales and breaking through the weak regional market; actively and positively explore the private brand construction in overseas markets, and accelerate the pace of overseas merger and acquisition; give full play to the driving force of internal system changes and management mechanism innovation, and activate the team independent innovation power so as to provide mechanism guarantee for the company's sustainable and healthy development.

(ii) Business plan in the next half year

Under the guidelines of strategic planning, in the second half of 2017, the company will continue to focus on the "product leading, marketing force, manufacturing breakthrough, mechanism protection" to carry out business and management work and achieve the company's healthy and sustainable development. Aiming at the deficiencies and risks in the first half year, the company's industrial units need to accomplish following work:

1. Refrigerator (Freezer)

Continue to adhere to the intelligence and variable frequency two core product strategies. In the intelligence aspect, speed up the development and upgrading of a new generation of intelligent

product, and implement the company's intelligent strategy; in the variable frequency aspect, strengthen the standardization of variable frequency products; expand the cost advantages and technology leadership, enhance the competitiveness of variable frequency products; promote the high-end and intelligent upgrading of the company's product structure, and drive the company's industrial transformation and upgrading; at the same time, improve the manufacturing efficiency and product quality, reduce the product costs and enhance the product competitiveness by fully implementing intelligent upgrading and rebuilding to the production lines.

The domestic market takes frequency leading, intelligent pilot, multi-door becoming stronger, back to back getting bigger, air-cooling jump start as the thinking, makes reasonable planning, promote the products' combination ability, and enhance the domestic sales capacity by adjusting the product structure. Overseas markets should adhere to the brand structure of "own brands + OEM / ODM", enhance product quality, expand sales scale, maintain sustainable competitiveness, and promote internationalization process; improve the additional value of medium-end products by promoting the industrial design and differentiation strategy; speed up the development of high-end products and market introduction, improve profitability and consolidate the cooperation with strategic customers.

2. Air conditioning

Continue to take the opportunities of industry development and industry competition pattern adjustment, take market planning as a leader, increase R & D investment, integrate supply chain resources, improve efficiency, and steadily develop traditional business; orderly lay out emerging businesses, strengthen the promotion of central air conditioning business, further strengthen the in-depth cooperation with MIUI and other enterprises, expand ODM / OEM business, and actively seek increment; actively explore new business models, promote O2O, promote online and offline business balance development; increase the scale of export business, control costs, and increase incomes; fully integrate the air conditioning manufacturing resources in Mianyang and Zhongshan, complete manufacturing upgrades and intelligent transformation, and provide guarantee for business development.

3. Washing machine

On the one hand, strengthen the construction of the core stores of retail channel, continue to promote and speed up the progress of new products, protect the supply of new products, ensure the sales demand, and achieve balanced development of market; on the one hand, strengthen the communication and coordination with Candy Group, and launch front loading washing machine suitable for Chinese market, improve product quality, and control product costs. In addition, accelerate the promotion of top loading washing machine and the development of production line by introducing professionals.

4. Small appliances

Develop e-commerce channels, supplement and enrich the existing online products; in the offline market, make in-depth maintenance and expansion to the existing and newly opened channel customers, establish promotion models by investment attraction channels to drive the outlet sales of traditional channels; continue to improve the intelligent products camp, enrich the intelligent product models of common internet of things, and develop the high-end intelligent products with automatic speech recognition and screen, and continue to promote the development of small appliance product lines.

5. Bio-medical care

As the platform for the comprehensive development of bio-medical industry and the company's subsidiary listed on new three board, in the second half of 2017, Zhongke Meiling will continue to implement the strategy of "diversification of related industries", steadily expand the cold chain storage business and complete the family health industry technical reserves based on the existing cold storage business, and timely expand its own business lines.

6. Intelligent life new business model

Continue to promote the investment project "intelligent life project" and build Meiling intelligent life O2O community fresh business platform with steady operating strategy. Rely on the company's advantages in intelligent and refrigeration fields to promote the layout in intelligent terminal and refrigeration self pick-up cabinet; the direct sales business of fresh food focus on regionalization and localization, intensify the superior products and the resource integration capabilities of supply chain; gradually integrate the regional and national brand enterprises entering business and continue to promote the construction of intelligent life O2O service platform based on the intelligent terminal and fresh e-commerce business. The goal of the company is to transform to "equipment + service" model by means of food management, provide exploration for the intelligent transformation of refrigerator, help the company to move towards high-frequency service sales from low-frequency hardware sales, form the "hardware + service" double growth engine, and drive the transformation and upgrading of the company's profit model.

The above business plan and business objectives do not represent the listed company's profit forecast of 2017, whether it can be achieved depends on the changes in market condition, the efforts of management team and other factors, there are a lot of uncertainties, investors should pay special attention to it.

Section V. Important Events

I. AGM and extraordinary general meeting

1. AGM held in the period

Meeting	Type	Participation ratio for investors	Holding date	Disclosure date	Index
2016 AGM	Annual general meeting	30.73%	2017-5-4	2017-5-5	Juchao Website (www.cninfo.com.cn), Resolution Notice of AGM of 2016 (Notice No.: 2017-031)
First Extraordinary General Meeting of 2017	Extraordinary General Meeting	30.36%	2017-6-20	2017-6-21	Juchao Website (www.cninfo.com.cn), Resolution Notice of First Extraordinary General Meeting of 2017 (Notice No.: 2017-041)

2. Request for extraordinary general meeting by preferred stockholders with rights to vote

☐ Applicable ☒ Not applicable

II. Profit distribution plan and capitalizing of common reserves in the period

☐ Applicable ☒ Not applicable

There are no cash dividend, bonus and capitalizing of common reserves carried out in the semi-annual

III. Commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

☐ Applicable ☒ Not applicable

There are no commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period.

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

Whether the semi-annual financial report had been audited

☐ Yes ☒ No

The semi-annual report was not audited

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

VII. Bankruptcy reorganization

☐ Applicable ☒ Not applicable

No bankruptcy reorganization in Period.

VIII. Lawsuits

1. Material lawsuits and arbitration

☐ Applicable ☒ Not applicable

No material lawsuits and arbitration in the reporting

2. Other lawsuits

☒ Applicable ☐ Not applicable

To maintain the independence and integrity of "Meiling" trademark and trade name, the company has launched a series of litigation and arbitration related to "Meiling" trademark, please see 2014 first quarter report, 2014 semi-annual report, the 2014 annual report disclosed respectively on April 19, 2014, August 12, 2014, and March 26, 2014 for the relevant progress. Up to now, Hefei Meiling Household Appliances Co., Ltd., Hefei Meiling Environmental Protection Equipment Technology Co., Ltd., Hefei Meiling Purifying Equipment Technology Co., Ltd., Hefei Meiling Electrical Appliances Co., Ltd., Hefei Meiling Cabinet Electrical Appliance Co., Ltd., Hefei Meiling Vehicle Industry Co., Ltd., Hefei Meiling Intelligent Technology Co., Ltd. (former Hefei Meiling Communication Technology Co., Ltd., which changed its business name as Hefei Meiling Intelligent Technology Co., Ltd. by themselves, the Company is pursue legal responsibility by the law) have had no right to use "Meiling" trademark.

At present, only the kitchen ventilator, cooker, water heater, water purifiers and household electrical appliances manufactured and sold by the Company and its wholly-owned subsidiary - Guangdong Changhong Ridian Technology Co., Ltd. are the company's regular products, any other small household appliances using same or similar trademark as our company or using the trade

name similar to the Company's name are the Company's products. In view of the infringement to the Company's trademark and trade name, false propaganda and unfair competition in the market, the Company has carried out many ways including administrative reports, criminal investigation and civil litigation to fight against infringement and counterfeiting behavior in the whole country.

IX. Penalty and rectification

☐ Applicable ☒ Not applicable

No penalty and rectification for the Company in reporting period.

X. Integrity of the company and its controlling shareholders and actual controllers

☐ Applicable ☒ Not applicable

During the reporting period, the Company and the controlling shareholders and the actual controllers have had good reputation, and there is no large amount due unliquidated debt sentenced by the court.

XI. Implementation of the company's stock incentive plan, employee stock ownership plan or other employee incentives

☒ Applicable ☐ Not applicable

Implementation for annual performance incentive fund

On August 9, 2012 and August 28, 2012, the Company considers the adoption of "Hefei Meiling annual performance incentive fund implementation plan" (hereinafter referred to as ""stimulus """) on the 16th meeting of the 7th board of directors and the 2012-second provisional shareholders meeting. Details were disclosed on information disclosure media appointed by the Company as "Securities Times", "Chinese Securities Daily", "Hong Kong Commercial Daily" and the Juchao network (www.cninfo.com.cn) on August 10, 2012 and August 29th in the form of announcement (No.: 2012-028, No.:2012-035).

1. Implementation about 2012, 2013 and 2014 performance incentive fund provision and distribution plan

See details in " Implementation about 2012, 2013 and 2014 performance incentive fund provision and distribution plan" in "XV Implementation of the company's stock incentive plan, employee stock ownership plan, or other employee incentive measures" in "Section V Significant Events" of the company's "2016 Annual Report" disclosed on March 30, 2017.

2. The implementation of provision and allocation program of 2016 annual performance incentive funds

According to the "Incentive Plan" approved by the company, the audited operating results and

actual operation of the company in 2016 have met the requirements for awarding the annual performance incentive funds. The company held the 29th meeting of the 8th Board of Directors and the 15th meeting of the 8th Board of Supervisors and the Annual General Meeting of Shareholders of 2016 on March 28, 2017 and May 4, 2017, the independent directors made independent opinions, and the benefited directors abstained from voting, the meetings considered and approved the “Proposal on the Provision for the Company's 2016 Annual Performance Incentive Funds”. In addition, the company held the 32nd meeting of the 8th Board of Directors, the 17th meeting of the 8th Board of Supervisors, and the first extraordinary general meeting of shareholders in 2017 on June 2, 2017 and June 20, 2017, the independent directors made independent opinions, and the benefited directors abstained from voting, the meetings considered and approved the “Allocation Plan for the Company's 2016 Annual Performance Incentive Funds”, the details are as follows:

(1) Incentive range and number of people: 39 eligible objects (senior management, middle management, core technical staff and the core backbone staff).

(2) Source of funds: withdraw performance incentive funds of RMB 24,182,200 by 10% of the audited net profits attributable to shareholders of listed companies in 2016, and allocate RMB 23.63 million of the withdrawn incentive funds to 39 incentive objects (senior management, middle management, core technical staff and the core backbone staff) whom conform to national laws and regulations and the requirements of “Incentive Plan”. The incentive objects purchase the Company’s stock by their received performance incentive funds (after paying the relevant tax) plus no less than 30% of their annual total remuneration (annual total remuneration except for the performance incentive funds and after paying the corresponding income tax and five social insurances and housing fund) through the open market.

(3) Shareholding situation: According to the provisions of “Incentive Plan” approved by the company, in the premise of conforming to the listing rules of the Shenzhen Stock Exchange and other applicable Chinese laws and regulation, the incentive objects promise to purchase the Company’s stock through the open market within 60 working days (The time shall be postponed in case of a period that the regulator requires the Company’s stock cannot be trade) after receiving the performance incentive funds. As of the disclosure date of this report, this incentive plan is still in progress.

(4) Changes in equity interests arising from disposal shares due to incentive objects: aim at shares purchased by incentive objects without disposal during the reporting period.

(5) Commitment on restricted holding shares: according to the regulations of “Incentive Plan” and the commitment of all incentive objects, the Company’s shares purchased by them shall not be reduced by any market approach in the next year from the date of purchase, but the holding shares can be reduced by 50% after the second year according to the laws and regulations, and the

remaining 50% can be reduced after the third year according to the laws and regulations. In addition, some directors, supervisors and senior executives among the incentive objects promise to handle the shares in accordance with the relevant management methods of the Company Law, the Securities Law, and the Company's Shares Held by the Directors, Supervisors and Senior Management of List Company and the Shares' Change Management Rules, including but not limited to: during the term of office, the annual transfer of shares shall not exceed 25% of the Company's shares held by oneself; cannot sell the Company's share within 6 months after the purchase or repurchase within six months after the sale; cannot transfer the company's shares within six months after dimission.

See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-010, No. 2017-011, No. 2017-015, No. 2017-031, No. 2017-035, No. 2017-036, No. 2017-037, No. 2017-041) on March 30, 2017, May 5, 2017, June 3, 2017, and June 21, 2017.

3. Share holding and reduction of the company's performance incentive objects

As of June 30, 2017, all incentive objects held a total of 10,079,679 shares, accounting for 0.9649% of the company's general capital, of which 8,746,547 shares of A share, accounting for approximately 0.8373% of the company's general capital, 1,333,132 shares of B share, and accounting for about 0.1276% of the company's general capital. Some 2012 and 2013 annual performance incentive objects (not directors, supervisors or senior management) have totally reduced share of 3,477,477 shares from September 2014 to the end of the this reporting period, accounting for approximately 0.3329% of the company's general capital, and reduced holding of 222,900 shares in this reporting period.

XII. Major related transaction

1. Related transaction with routine operation concerned

☒ Applicable ☐ Not applicable

(1) Related transaction with routine operation concerned

Serial	Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principle	Related transaction price (in 10 thousand Yuan)	Related transaction amount (in 10 thousand Yuan)	Proportion in similar transactions (%)	Trading limit approved (in 10 thousand Yuan)	Whether over the approved limit or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure
1	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Commodity purchased	Electric melting, resistors, integrated circuit accessory, color masterbatch	Market price	20,358.26	20,358.26	2.82%	26,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 1017-011, 2017-013 and 2017-031
2	Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Compressor etc.	Market price	22,954.46	22,954.46	3.18%	60,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 1017-011, 2017-013 and 2017-031
3	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Plastic products etc.	Market price	32,589.07	32,589.07	4.51%	52,000	N	Bank and commerce acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 1017-011, 2017-013 and 2017-031

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	15,533.97	15,533.97	2.15%	27,000	N	Bank and commerce acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 1017-011, 2017-013 and 2017-031
5	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	5,360.60	5,360.60	0.74%	8,000	N	Bank and commerce acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
6	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Printed board components etc.	Marketing price	748.78	748.78	0.10%	8,000	N	Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
7	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Power supply, battery	Marketing price	0.71	0.71	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
8	081 Electronic Group	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Transformer etc.	Marketing price	235.55	235.55	0.03%	4,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031

9	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Foam pieces etc.	Marketing price	663.79	663.79	0.09%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
10	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Hand piece	Marketing price	86.44	86.44	0.01%	4,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
11	Sichuan Changhong Xinrui Technology Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Sheet metal parts, plastic parts etc.	Marketing price	4,901.96	4,901.96	0.68%	7,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
12	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Electronic products	Marketing price	0.92	0.92	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
13	Sichuan Huafeng Corp. Group	Other enterprise control under the same controlling shareholder and ultimate	Commodity purchased	Electric appliance parts	Marketing price	1.40	1.40	0.00%	4,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031

		controller												
14	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Printed boards, transformers, etc.	Marketing price	2,403.23	2,403.23	0.33%	4,000	N	Spot exchange, Bank and commerce acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
15	Sichuan ilink Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Internet access module	Marketing price	434.57	434.57	0.06%	4,000	N	Spot exchange, Bank and commerce acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
16	Sichuan Changhong Education Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Digital module component	Marketing price	5.03	5.03	0.00%	4,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
17	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Accept the services	Information system services, marketing fees, repair fees, shared service	Marketing price	816.50	816.50	0.94%	5,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031

				fees										
18	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Accept the services	Shuttle fee	Marketing price	2.30	2.30	0.00%	4,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
19	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Transportation, storage, loading and unloading	Marketing price	25,148.50	25,148.50	29.02%	55,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
20	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	After-sales maintenance fee etc.	Marketing price	7,391.89	7,391.89	8.53%	20,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
21	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Software usage fee	Marketing price	63.20	63.20	0.07%	5,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031

22	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Security service charge	Marketing price	30.86	30.86	0.04%	5,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
23	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Maintenance fee, business activity fee	Marketing price	23.66	23.66	0.03%	4,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
24	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Business activity fee	Marketing price	8.31	8.31	0.01%	4,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
25	CHANGHONG(HK)TRADINGLIMITED	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Sales expense	Marketing price	23.75	23.75	0.03%	5,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
26	Sichuan Changhong International Travel Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Plane ticket	Marketing price	3.13	3.13	0.00%	4,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031

27	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Property fee and maintenance cost	Marketing price	38.62	38.62	0.04%	4,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
28	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Laboratory technical service fee	Marketing price	20.67	20.67	0.02%	5,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
29	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	After-sale service	Marketing price	15.59	15.59	0.02%	5,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
30	Lejiayi Chain Management Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Advertising fees	Marketing price	2.26	2.26	0.00%	5,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
31	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Communication expenses	Marketing price	0.57	0.57	0.00%	5,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031

32	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Engineering maintenance fee	Marketing price	19.66	19.66	0.02%	4,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
33	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Plastic processing fee	Marketing price	0.18	0.18	0.00%	5,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
34	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Accept fuel and power	Water, electricity and gas fees	Marketing price	695.05	695.05	0.10%	8,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
35	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept fuel and power	Water, electricity and compressed air cost	Marketing price	49.88	49.88	0.01%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
36	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept fuel and power	Water and electricity fee	Marketing price	0.48	0.48	0.00%	4,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031

37	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept fuel and power	Water and electricity fee	Marketing price	1.09	1.09	0.00%	4,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
38	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	84,180.47	84,180.47	9.88%	130,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
39	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	99.47	99.47	0.01%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
40	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Outside processing materials	Marketing price	3,774.84	3,774.84	0.44%	7,000	N	Bank and commerce acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
41	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Color Masterbatch, plastic particle	Marketing price	5,503.42	5,503.42	0.65%	17,000	N	Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031

42	Lejiayi Chain Management Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator, washing machine	Marketing price	173.06	173.06	0.02%	8,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
43	PT.CHANG HONGELE CTRICINDONESIA	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioning maintenance spare parts	Marketing price	0.49	0.49	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
44	CHANGHONG(HK)TRADINGLIMITED	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator, air conditioner	Marketing price	24,741.31	24,741.31	2.90%	45,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
45	CHANGHONGELECTRIC(AUSTRALIA)	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator	Marketing price	847.30	847.30	0.10%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
46	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food, Air-conditioner	Marketing price	8.95	8.95	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031

47	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator, air conditioner	Marketing price	108.76	108.76	0.01%	8,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
48	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Maintenance parts	Marketing price	559.66	559.66	0.07%	8,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
49	Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Waste materials	Marketing price	759.82	759.82	0.09%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
50	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Packing box	Marketing price	2.11	2.11	0.00%	8,000	N	Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
51	Sichuan Huafeng Corp. Group	Other enterprise control under the same controlling shareholder and ultimate	Sales of goods	Air-conditioner	Marketing price	0.26	0.26	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031

		controller												
52	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator, air conditioner, washing machine	Marketing price	98,589.85	98,589.85	11.57%	250,000	N	Spot exchange, Bank and commerce acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
53	Sichuan Changhong Property Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	5.97	5.97	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
54	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	8.71	8.71	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
55	Sichuan Changhong Intelligent Health Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	0.36	0.36	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031

56	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	2.05	2.05	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
57	Sichuan Huanyu Industrial Co. Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	12.10	12.10	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
58	Sichuan Changhong Xinrui Technology Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Sheet metal parts, plastic parts etc.	Marketing price	1.89	1.89	0.00%	8,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
59	OrionPDPC o.,ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator	Marketing price	961.52	961.52	0.11%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
60	Sichuan Changhong Intelligent Manufacturing Technology	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	1.12	1.12	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031

	Co., Ltd.													
61	Mianyang Technology Town Big Data Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	0.29	0.29	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
62	BVCH Optronics (Sichuan) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	1.28	1.28	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
63	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	9.04	9.04	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
64	Sichuan Changhong Group Finance Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	1.59	1.59	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
65	Sichuan Changhong Package	Other enterprise control under the same controlling	Sales of goods	Air-conditioner	Marketing price	1.76	1.76	0.00%	8,000	N	Bank acceptance	--	30 March 2017; 5 May	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010,

	Printing Co., Ltd.	shareholder and ultimate controller											2017	2017-011, 2017-013 and 2017-031
66	Sichuan Changhong Battery Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner component	Marketing price	35.17	35.17	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
67	Sichuan Changhong Education Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	1.63	1.63	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
68	081 Electronic Group	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	4.46	4.46	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
69	Guangyuan Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	39.05	39.05	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
70	Sichuan Ilink Technology	Other enterprise control under the same controlling	Sales of goods	Air-conditioner	Marketing price	19.22	19.22	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010,

	Co., Ltd.	shareholder and ultimate controller											2017	2017-011, 2017-013 and 2017-031
71	Sichuan Changhong Innovation Investment Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	0.02	0.02	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
72	Guangyuan Hongcheng Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	0.10	0.10	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
73	Sichuan Changhong Solar Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	0.12	0.12	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
74	Sichuan Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	0.42	0.42	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
75	Sichuan Hongxin Software	Other enterprise control under the same controlling	Sales of goods	Food	Marketing price	0.62	0.62	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010,

	Co., Ltd.	shareholder and ultimate controller											2017	2017-011, 2017-013 and 2017-031
76	Sichuan Hongcheng Real Estate Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	0.75	0.75	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
77	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner, Food	Marketing price	64.70	64.70	0.01%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
78	Sichuan Changhong Electronic System Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	3.23	3.23	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
79	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	8.86	8.86	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
80	Changhong International Holdings	Other enterprise control under the same controlling	Sales of goods	Food	Marketing price	0.05	0.05	0.00%	15,000	N	Spot exchange	--	30 March 2017; 5 May	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010,

	(H.K.) Limited	shareholder and ultimate controller											2017	2017-011, 2017-013 and 2017-031
81	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providi ng fuel and power	Water and electricity fee	Marketi ng price	5.17	5.17	0.00%	8,000	N	Spot exchang e	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
82	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Providi ng fuel and power	Water and electricity fee	Marketi ng price	1.08	1.08	0.00%	8,000	N	Spot exchang e, Bank acceptan ce	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
83	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providi ng fuel and power	Water and electricity fee	Marketi ng price	0.01	0.01	0.00%	8,000	N	Spot exchang e	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
84	Sichuan Changhong Device Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providi ng fuel and power	Water and electricity fee	Marketi ng price	33.34	33.34	0.00%	8,000	N	Bank acceptan ce	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
85	Sichuan Changhong Jijia Fine	Other enterprise control under the same controlling	Providi ng fuel and	Water and electricity fee	Marketi ng price	1.38	1.38	0.00%	8,000	N	Bank acceptan ce	--	30 March 2017; 5 May	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010,

	Co., Ltd.	shareholder and ultimate controller	power										2017	2017-011, 2017-013 and 2017-031
86	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing fuel and power	Water and electricity fee	Marketing price	203.04	203.04	0.02%	8,000	N	Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
87	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing fuel and power	Water and electricity fee	Marketing price	0.97	0.97	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
88	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing fuel and power	Water and electricity fee	Marketing price	0.2	0.2	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
89	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing fuel and power	Water and electricity fee	Marketing price	0.23	0.23	0.00%	8,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031

90	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Plants, travelling crane	Marketing price	26.07	26.07	0.35%	5,000	N	Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
91	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Plants, apartment, equipment machinery	Marketing price	111.74	111.74	1.48%	5,000	N	Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
92	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Part of the office rental, warehousing lease	Marketing price	52.47	52.47	0.70%	5,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
93	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Apartment	Marketing price	10.65	10.65	0.14%	5,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
94	Sichuan Changhong Xinrui Technology Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate	Rent to the related party	Warehousing leasing, forklift	Marketing price	1.69	1.69	0.02%	8,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031

		controller												
95	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Apartment	Marketing price	8.77	8.77	0.12%	5,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
96	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Apartment	Marketing price	1.57	1.57	0.02%	5,000	N	Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
97	BVCH Optronics (Sichuan) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Freight elevator	Marketing price	5.25	5.25	0.07%	5,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
98	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Part of the office rental	Marketing price	5.96	5.96	0.08%	5,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
99	Sichuan Changhong Device	Other enterprise control under the same controlling	Rent to the related	Plant	Marketing price	46.35	46.35	0.62%	5,000	N	Spot exchange	--	30 March 2017; 5 May	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010,

	Technology Co., Ltd.	shareholder and ultimate controller	party										2017	2017-011, 2017-013 and 2017-031
100	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Plant	Marketing price	3.52	3.52	0.05%	5,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
101	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Rent from the related party	Shops	Marketing price	3.66	3.66	0.05%	4,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
102	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent from the related party	Plant and office	Marketing price	92.15	92.15	1.22%	4,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
103	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent from the related party	The staff dormitory	Marketing price	3.57	3.57	0.05%	5,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
104	Chengdu Changhong Electronic	Other enterprise control under the same controlling	Rent from the	Office	Marketing price	16.48	16.48	0.22%	5,000	N	Spot exchange	--	30 March 2017; 5 May	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010,

	Technology Co., Ltd.	shareholder and ultimate controller	related party										2017	2017-011, 2017-013 and 2017-031
105	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Rent from the related party	Plant and office	Marketing price	59.45	59.45	0.79%	5,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
106	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Purchasing fixed assets	Information system	Marketing price	2.50	2.50	0.02%	5,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
107	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchasing fixed assets	Reform of production line	Marketing price	1,362.92	1,362.92	10.51%	4,000	N	Spot exchange, Bank acceptance	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
108	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchasing fixed assets	Information system etc.	Marketing price	189.55	189.55	1.46%	5,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
109	Sichuan Hongcheng Construction	Other enterprise control under the same controlling shareholder and	Purchasing fixed assets	Plant construction	Marketing price	368.89	368.89	2.84%	4,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and

	Engineering Co., Ltd.	ultimate controller												2017-031
110	Sichuan Hongcheng Real Estate Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchasing fixed assets	Plant construction	Marketing price	50.94	50.94	0.39%	4,000	N	Spot exchange	--	30 March 2017; 5 May 2017	Juchao Website(www.cninfo.com.cn) Notice No.: 2017-010, 2017-011, 2017-013 and 2017-031
Total					--	-	363,840.31	-	-	-	--	--	--	--
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)					1. It is estimated that the related transaction amount resulted by purchasing goods (including door shell and plastic products etc.) and accepting fuel and power from Sichuan Changhong and its subsidiary by the Company for year of 2017 was RMB 1250 million at most (tax-excluded), actually RMB 784,042,600 occurred in reporting period.									
					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 2017 was RMB 600 million at most (tax-excluded), actually RMB 229,544,600 occurred in reporting period.									
					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 2017 was RMB 50 million at most (tax-excluded), actually RMB 1,920,500 occurred in reporting period									
					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 2017 was RMB 4720 million at most (tax-excluded), actually RMB 2,198,890,100 occurred in reporting period									
					5. It is estimated that the related transaction amount resulted by purchasing compressed air, accepting energy, power and service from Huayi Compressor and its subsidiary by the Company for year of 2017 was RMB 650,000 at most (tax-excluded), actually RMB 0 occurred in reporting period									
					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 2017 was RMB 50 million at most (tax-excluded), actually RMB 3,518,500 occurred in reporting period									
					7. It is estimated that the related transaction amount from domestic finished goods logistic business outsourcing and transportation, storage, loading and unloading to Sichuan Changhong Minsheng Logistic Co., Ltd. by the Company for year of 2017 was RMB 550 million at most (tax-excluded),									

	actually RMB 251,485,000 occurred in reporting period
	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 2017 was RMB 200 million at most (tax-excluded), actually RMB 73,918,900 occurred in reporting period.
	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 2017 was RMB 50 million at most (tax-excluded), actually RMB 9,735,800 occurred in reporting period
	10. It is estimated that the related transaction amount resulted by selling goods from Sichuan Changhong Electronics Holding Group and its subsidiary by the Company for year of 2017 was RMB 80 million at most (tax-excluded), actually RMB 8,939,500 occurred in reporting period.
	11. It is estimated that the related transaction amount resulted by purchasing goods and receiving labor services, fuel power, leasing and purchasing equipment etc. from Sichuan Changhong Electronics Group and its subsidiary by the Company for year of 2017 was RMB 110 million at most (tax-excluded), actually RMB 76,407,600 occurred in reporting period.
Reasons for major differences between trading price and market reference price	Not applicable

(2) Related transactions with Changhong Finance Company

The resolution of the 18th meeting of the 8th Board of Directors and the 1st Extraordinary Shareholders' General Meeting of 2016 that the company held on March 18, 2016, April 16, 2016 approved and agreed the company to continue carry out the financial service cooperation with Sichuan Changhong Group Finance Co., Ltd. (hereinafter referred to as “Changhong Finance Company”) and sign a triennial Financial Service Agreement. In accordance with the agreement, Changhong Finance Company shall provide a series of financial services such as deposit and loan in its business scope according to the requirements of the Company and its subsidiaries. The related transactions between the company and its subsidiaries and Changhong Finance Company from the beginning of the year to the end of the reporting period are as follows:

As of June 30, 2017, the Company and its subsidiaries have carried out deposit, opening of bills and notes discounted businesses with Changhong Finance Company. The Company and its subsidiaries had balances of deposits of RMB 1,905,236,221.16 in Changhong Finance Company, accounting for 29.05% of the balance of deposits absorbed by Changhong Finance Company, which was less than 30%, the balance of notes was RMB 1,179,397,608.68 and the notes discounted balance was RMB1,315,380,817.24. Details are as follows:

In RMB/CNY

Item	Balance at year-begin	Increase in the year	Decrease in the year	Ending balance	Interest and commission charge received or paid
I. Savings in Changhong Group Finance Company	1,908,842,163.20	10,826,995,162.70	10,830,601,104.74	1,905,236,221.16	15,976,164.79
II. Borrowings from Changhong Group Finance Company				-	
1.Short-term loans	-	-	-	-	-
2.Long-term loans	-	-	-	-	-
III. Other financial business				-	
1.notes drawing	544,374,441.19	1,238,581,673.56	603,558,506.07	1,179,397,608.68	283,104.31
2.notes discounted	565,252,574.29	1,231,248,889.55	481,120,646.60	1,315,380,817.24	11,944,312.93

According to the regulation of Information Disclosure Business Memorandum No. 2 - Transactions and Related Transactions of the Shenzhen Stock Exchange, the company issued the Risk Continuous Assessment Report About Sichuan Changhong Group Finance Co., Ltd. for the deposit, loan and other financial services that the company carried out with Changhong Finance Company during the reporting period, and disclosed at www.cninfo.com.cn on August 10, 2017.

2. Related transactions by assets acquisition and sold

☐ Applicable ☒ Not applicable

There are no related transactions by assets acquisition and sold in the period

3. Material related transaction of jointly foreign investment

☐ Applicable ☒ Not applicable

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

4. Connect of related liability and debt

☒ Applicable ☐ Not applicable

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

☐ Yes ☒ No

No non-operational contact of related liability or debts in Period

5. Other related transactions

☐ Applicable ☒ Not applicable

Nil

XIII. Non-business capital occupying by controlling shareholders and its related parties

☐ Applicable ☒ Not applicable

No non-business capital occupied by controlling shareholders and its related parties in Period.

XIV. Significant contract and implementations

1. Entrust, contract and leasing

(1) Entrust

☐ Applicable ☒ Not applicable

No entrust in Period.

(2) Contract

☐ Applicable ☒ Not applicable

No contract in Period.

(3) 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.

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

☐ Applicable ☒ Not applicable

No gains or losses to the Company from projects that reached over 10% in total profit of the Company in reporting period.

2. Material guarantee

☒ Applicable ☐ Not applicable

(1) Guarantee

During the reporting period, the guarantees that the company provides for its wholly-owned and holding subsidiaries are for the loans generated by supporting their production and operation, the guaranty type is assurance; the guarantees that the company and subsidiaries provide for the distributors are to provide joint liability guarantees for the high quality distributors conforming to certain conditions within the line of credit of designated banks, the E-bank acceptance bills opened under this line of credit are all used for the distributors to pay the purchase payment for goods to the Company and subsidiaries, aiming to promote the company's channel business development, strengthen the good cooperative relationship between the company and the downstream distributors, and effectively stimulate the company and its subsidiaries' sales growth.

Up to June 30, 2017, the company has granted credit to the guarantees of some wholly-owned and holding subsidiaries, in addition to the wholly-owned subsidiary Changhong Air-conditioner, other subsidiaries have actual guarantee; meanwhile, the company and its subsidiaries have granted credit to the guarantees of some high quality distributors, the balance of guarantees is within the line of credit. The external guarantees of the Company and subsidiaries are as follows:

In 10 thousand Yuan

Particulars about the external guarantee of the Company (Barring the guarantee for subsidiaries)								
Name of the Company	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of	Actual guarantee	Guarantee type	Guarantee term	Complete implement	Guarantee for related

guaranteed			signing agreement)	limit			ation or not	party
Dealer of Hefei Meiling Co., Ltd.	Notice No.: 2015-038, No.: 2015-040 and No.: 2015-064 on 29 August 2015 and 23 December 2015 Notice No.: 2016-068, 2016-072, 2016-077 on 26 Nov. 2016 and 14 Dec.:	20,000	29 Sept. 2016	1,229.81	Joint liability guaranty	One year	N	N
Dealer of Sichuan Changhong Air-conditioner Co., Ltd.	Notice No.: 2015-038, No.: 2015-040 and No.: 2015-064 on 29 August 2015 and 23 December 2015 Notice No.: 2016-068, 2016-072, 2016-077 on 26 Nov. 2016 and 14 Dec.	20,000	14 Oct. 2016	583.04	Joint liability guaranty	One year	N	N
Total approving external guarantee in report period (A1)				0	Total actual occurred external guarantee in report period (A2)		1,812.85	
Total approved external guarantee at the end of report period (A3)		40,000		Total actual balance of external guarantee at the end of report period (A4)		533.16		
Guarantee between the Company and the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Zhongshan Changhong Electric Co., LTD	Notice No.: 2015-003, 2015-007, 2015-015 on 26 Mar. 2015 and 18 Apr.	55,000	30 Dec. 2015	17,000 (note 2)	Joint liability guaranty	One year	Y	N
	Notice No.: 2016-027, 2016-031, 2016-046 on 25 Mar. 2016 and 5 May	56,500	5 Aug. 2016	5,000	Joint liability guaranty	One year	N	N
			28 Oct. 2016	5,000	Joint liability guaranty	One year	N	N
	30 March 2017; 5 May 2017 ; Notice No.: 2017-010, 2017-014, 2017-031	70,000	24 Feb. 2017	6,000	Joint liability guaranty	One year	N	N
			22 Jan. 2017	5,500	Joint liability guaranty	One year	N	N
			1 Mar. 2017	20,000	Joint liability	One	N	N

					guaranty	year		
			23 Jun. 2017	10,000	Joint liability guaranty	One year	N	N
Guangdong Changhong Ridian Technology Co., Ltd.	Notice No.: 2016-027, 2016-031, 2016-046 on 25 Mar. 2016 and 5 May	8,500	5 May 2016	4,500	Joint liability guaranty	One year	N	N
			1 Sept. 2016	2,000	Joint liability guaranty	One year	N	N
	30 March 2017; 5 May 2017; Notice No.: 2017-010, 2017-014, 2017-031	10,500	13 Jun. 2017	2,000	Joint liability guaranty	One year	N	N
Zhongke Meiling Cryogenic Technology Co., Ltd.	30 March 2017; 5 May 2017; Notice No.: 2017-010, 2017-014, 2017-031	6,000	16 Feb. 2017	2,000	Joint liability guaranty	One year	N	N
			23 Jun. 2017	1,000	Joint liability guaranty	One year	N	N
Sichuan Changhong Air-conditioner Co., Ltd.	30 March 2017; 5 May 2017; Notice No.: 2017-010, 2017-014, 2017-031	30,000	-	-	-	-	-	-
Total amount of approving guarantee for subsidiaries in report period (B1)		116,500		Total amount of actual occurred guarantee for subsidiaries in report period (B2)		63,000		
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		181,500		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		63,000		
Guarantee of the subsidiaries for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
--	--	--	--	--	--	--	--	--
Total amount of approving guarantee for subsidiaries in report period (C1)		--		Total amount of actual occurred guarantee for subsidiaries in report period (C2)		--		
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)		--		Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)		--		

Total amount of guarantee of the Company(total of three abovementioned guarantee)			
Total amount of approving guarantee in report period (A1+B1+C1)	116,500	Total amount of actual occurred guarantee in report period (A2+B2+C2)	64,812.85
Total amount of approved guarantee at the end of report period (A3+B3+C3)	221,500	Total balance of actual guarantee at the end of report period (A4+B4+C4)	63,533.16
Ratio of actual guarantee (A4+B4+C4) in net assets of the Company		12. 41%	
Including:			
Amount of guarantee for shareholders, actual controller and its related parties(D)		0	
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(E)		51,500	
Proportion of total amount of guarantee in net assets of the Company exceed 50%(F)		0	
Total amount of the aforesaid three guarantees(D+E+F)		51,500	
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)		N/A	
Explanations on external guarantee against regulated procedures (if applicable)		N/A	

The above guarantees are all wholly-owned and holding subsidiaries of the Company. Production and operation of these wholly-owned and holding subsidiaries 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 1165 million Yuan by the approval, the actual amount of guarantee is 630 million Yuan. The highest level of security the Company and subsidiaries provided outside amounted to 400 million Yuan by the approval, the actual amount of guarantee is 18.1285 million Yuan. At the end of the reporting period, the practical guarantee balance amounted to 635.3316 million Yuan, accounting for the Company's latest net assets ratio of 12.41%.

Explanation on guarantee with composite way: Nil

(2) Guarantee outside against the regulation

☐Applicable ☒Not applicable

No guarantee outside against the regulation in Period.

4. Other material contracts

☒Applicable ☐Not applicable

(1)On 21 March 2017, the Company signed the Strategic Cooperation Framework Agreement (hereinafter referred to as Cooperation Agreement) with Italy Candy Hoover Group S.r.l. and Candy S.p.A.(together named as Candy Group). Both parties followed the principles of strategic

win-win and giving full play to the synergistic effects of products and resources, and planned to establish strategic partnership in refrigerator (freezer), washing machine business areas by friendly negotiation, expand market together, promote brands, and maximize the commercial value and social value. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-007) on March 21, 2017.

(2)The resolution of the 29th meeting of the company’s 8th Board of Directors approved and agreed the subsidiary Hefei Meiling Nonferrous Metal Products Co., Ltd. (hereinafter referred to as “Meiling Nonferrous Metal”) to cooperate with Hefei Vanke Real Estate Co., Ltd. (hereinafter referred to as “Hefei Vanke Real Estate”) for a land parcel (land area of 34.68 acres, land status is industrial land, land certificate No. is DGY2014 No.4119) which is located at Liaoyuan Road East, Feidong County, Hefei City and held by Meiling Nonferrous Metal, and both parties shall sign the Project Cooperation Contract for the Land of Feidong County Meiling Nonferrous Metal Company. Meiling Nonferrous Metal shall invest this industrial land as capital and Hefei Vanke Real Estate shall invest in cash to establish a project company, the ratio of investments of both parties are respectively 99% and 1%, once the project company obtains the approval (no objection in the publicity period) for the upgrading and reconstruction of this project from Hefei Feidong Land Management Committee and signs the supplemental agreement about state-owned land transfer contract with Feidong Land and Resources Bureau, Meiling Nonferrous Metal shall transfer 99% stock rights of the project company to Hefei Vanke Real Estate, and the transfer price is about RMB 48.65 million. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-010, No.2017-018) on March 30, 2017.

XV. Explanation on other significant events

1. Fulfill the precise social responsibility for poverty alleviation

The Company has no precise social responsibility for poverty alleviation in the period and has no follow-up plan either

2. Major environment protection

The listed Company and its subsidiary whether belongs to the key sewage units released from environmental protection department: Nil

XVI. Explanation on other significant events

☒ Applicable ☐ Not applicable

(i) On February 27, 2017, the company received a written notice from the controlling shareholder Sichuan Changhong Electric Co., Ltd. (hereinafter referred to as “Sichuan

Changhong”), Sichuan Changhong is intended to take part of A share of the Company and the its fruits (including capital reserve into equity, stock dividend, bonus shares, dividends, etc.) as the subject for non-public offering of exchangeable bonds. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-004) on February 28, 2017.

(ii) The resolution of the 29th meeting of the company’s 8th Board of Directors and the 2016 Annual General Meeting of Shareholders approved and agreed the subsidiaries to carry out the forward exchange fund transaction business from July 1, 2017 to June 30, 2018, the business transaction balance should not exceed USD 550 million, the single business delivery period should be no longer than 1 year. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-010, No. 2017-017, No. 2017-031) on March 30, 2017 and May 5, 2017.

(iii) The resolution of the 29th meeting of the company’s 8th Board of Directors approved and agreed the company to apply for bank note pool special credit line of maximum RMB 300 million to China Merchants Bank Co., Ltd. Hefei Branch, the credit time limit was one year, and the credit variety was mainly used in bank note pool special business by adopting endorsement for bill pledge. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-010, No. 2017-019) on March 30, 2017.

(iv) On March 28 and May 4, 2017, the resolution of the 29th meeting of the company’s 8th Board of Directors, the 15th meeting of the 8th Board of Supervisors and the 2016 Annual General Meeting of Shareholders approved the Company’s 2016 Annual Profit Allocation Plan, at the same time, the company’s independent directors made independent recognition opinions on the plan, considering the interests of shareholders and company's long-term development needs, agreed the company to take the total capital of 1,044,597,881 shares up to December 31, 2016 as the base and distribute cash dividend of RMB 0.6 (including tax) per 10 shares to all shareholders, totally distribute cash dividend of RMB 62,675,872.86 (including tax, cash bonus accounts for 29.06% of the profits available for distribution that the parent company achieves in the current year). After the distribution, the total share capital of the company remained unchanged, the remaining accumulated undistributed profit of the parent company was RMB 893,663,321.15, and the remaining undistributed profit was carried forward to the afterwards year for distribution.

On May 27, 2017, the company disclosed the 2016 annual profit distribution plan implementation announcement, implemented the above-mentioned profit distribution plan. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-010, No. 2017-031, No.2017-033) on March 30, May 4, and May 27, 2017.

(v) During the reporting period, the company received the Notice of Acceptance of Registration (ZSXZ No. [2017]SCP212) issued by National Association of Financial Market Institutional Investors (hereinafter referred to as the “Investor Association”), the Investor Association accepted the company’s registration for super short-term financing bond. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2016-068, No. 2016-073, No. 2016-077, No. 2017-046) on November 26, 2016, December 14, 2016, and July 13, 2017.

(vi) On May 25, 2017, the company received the Letter About Increasing the Holding of Circulating Shares of Meiling from the controlling shareholder Sichuan Changhong Electric Co., Ltd. (hereinafter referred to as “Sichuan Changhong”), Sichuan Changhong and its persons acting in concert planned to increase the holding of the Company’s issued circulating shares through secondary market, the ratio of increased holding of shares didn’t exceed 1% of the Company’s general capital. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-032) on May 26, 2017. During the reporting period, Sichuan Changhong and its persons acting in concert Changhong (Hong Kong) Trading Co., Ltd. Have directly and indirectly increased the holding of the Company’s circulating B-shares of 2,299,574 shares through the secondary market, accounting for 0.22% of the Company’s general capital. As of June 30, 2017, Changhong (Hong Kong) Trading Co., Ltd. totally held the Company’s B-shares of 27,465,397 shares, accounting for 2.63% of the Company’s general capital.

XVII. Major event of the subsidiary

√ Applicable ☐ Not applicable

(i) The resolution of the 28th meeting of the company’s 8th Board of Directors approved and agreed the company’s subsidiary Jiangxi Meiling Electric Appliance Co., Ltd. (Hereinafter referred to as “Jiangxi Meiling”) to invest RMB206.60 million to build one million environmental and energy saving refrigerator intelligent production line project. At the same time, in order to ensure the smooth implementation of this investment and construction projects, agreed the company to increase capital of RMB 200 million to Jiangxi Meiling for the project investment. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-006) on March 14, 2017.

(ii) The resolution of the 28th meeting of the company’s 8th Board of Directors approved and agreed the company’s subsidiary Zhongshan Changhong Electric Co., Ltd. (Hereinafter referred to as “Zhongshan Changhong”) to jointly establish Zhongshan Hongyou Heating and Ventilation Equipment Co., Ltd. (Tentative name, and ultimately subject to the name approved by the

industrial and commercial bureau) with Zhuhai Samyou Environmental Technology Co., Ltd. (Hereinafter referred to as “Samyou Environmental”) that has superior resources of R & D, technology, channels and overseas customers in the industry, with registered capital of RMB 40 million, of which Zhongshan Changhong invested RMB 24 million of its owned funds, while Samyou Environmental invested RMB 16 million of its owned funds. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-006) on March 14, 2017.

(iii) The resolution of the 29th meeting of the company’s 8th Board of Directors approved and agreed the company to co-invest and establish Meiling Candy Washing Machine Co., Ltd. with Candy Hoover Group S.r.l. (Hereinafter referred to as “Candy Group”) with registered capital of RMB150 million, of which the company invested RMB 90 million in cash and Candy Group invested RMB 60 million in cash. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-010) on March 30, 2017.

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

(I) Changes in Share Capital

In Share

	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	290,301,746	27.79%	0	0	0	155,625	155,625	290,457,371	27.81%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person's shares	70,793,625	6.78%	0	0	0	0	0	70,793,625	6.78%
3. Other domestic shares	218,508,272	20.92%	0	0	0	155,625	155,625	218,663,897	20.94%
Including: Domestic legal person's shares	215,820,073	20.66%	0	0	0	-122,958	-122,958	215,697,115	20.65%
Domestic natural person's shares	2,688,199	0.26%	0	0	0	278,583	278,583	2,966,782	0.29%
4. Foreign shares	999,849	0.09%	0	0	0	0	0	999,849	0.09%
Including: Foreign legal person's shares	0	0.00%	0	0	0	0	0	0	0.00%
Foreign natural person's shares	999,849	0.09%	0	0	0	0	0	999,849	0.09%
II. Unrestricted shares	754,296,135	72.21%	0	0	0	-155,625	-155,625	754,140,510	72.19%
1. RMB Ordinary shares	592,431,984	56.71%	0	0	0	-155,625	-155,625	592,276,359	56.69%
2. Domestically listed foreign shares	161,864,151	15.50%	0	0	0	0	0	161,864,151	15.50%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	1,044,597,881	100.00%	0	0	0	0	0	1,044,597,881	100%

1. Reasons for share changed

√ Applicable ☐ Not applicable

(1) In reporting period, the new director of the 8th BOD Mr. Teng Guangsheng holds 117,600

shares of the Company, and the shares are lock for trading in relevant regulations since he serves director of the Company in reporting period.

(2) In reporting period, former staff supervisor Mr. Shang Wen leaves his position without six months, the 269,700 shares of the Company hold by Mr. Shang will not be transfer in 6 months.

2. Approval of share changed

☐ Applicable ☒ Not applicable

3. Ownership transfer of share changed

☒ Applicable ☐ Not applicable

In reporting period, among the restricted shares, the 122,958 shares held by former Tangshan Dongkuang Hardware Wholesale Company are transfer to Zhang Yong.

4. 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

5. Other information necessary to disclose for the Company or need to disclosed under requirement from security regulators

☐ Applicable ☒ Not applicable

(II) Changes of restricted shares

☒ Applicable ☐ Not applicable

In Share

Shareholders	Opening shares restricted	Shares released in Period	Restricted Shares Increased In the Period	Ending shares restricted	Restricted reasons	Date for released
Shang Wen	202,275	-	67,425	269,700	Share lockup in senior executives	On February 28, 2017, the staff who no longer served as employee supervisor of the Company for personal reasons cannot transfer the Company's stock within 6 months after leaving his post, see details on "III The commitments that the company's actual controller, shareholders, related parties, acquirers and the company have fulfilled during the reporting period and or have not yet fulfilled up to the end of the reporting

						period” of “Section V Important Matters” if the stock held by this staff has other restrictions.
Teng Guangsheng	-	-	88,200	88,200	Share lockup in senior executives	As the directors of the company, 25% of the Company’s stock held by them can be lifted the restrictions each year, at the same time, see details on “III The commitments that the company’s actual controller, shareholders, related parties, acquirers and the company have fulfilled during the reporting period and or have not yet fulfilled up to the end of the reporting period” of “Section V Important Matters” if the stock held by them has other restrictions.
Tangshan Dongkuang Hardware Wholesale Company	122,958	122,958	-	-	Transfer restricted shares to natural person Zhang Yong	9 May 2017
Zhang Yong	-	-	122,958	122,958	Transfer the restricted shares of Tangshan Dongkuang Hardware Wholesale Company, restricted for trading due to the legal commitment of shares reform	After relevant restriction procedures done
Total	325,233	122,958	278,583	480,858	--	--

II. Security offering and listing

☐ Applicable ☒ Not applicable

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

In share

Total common shareholders in reporting period-end	66,201	Total preference shareholders with voting rights recovered at end of reporting period (if	0
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				applicable)				
Particulars about shares held above 5% by common shareholders or top 10 common shares holding								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total common shareholders at the end of report period	Changes in report period	Amount of restricted common shares held	Amount of un-restricted common shares held	Number of share pledged/frozen	
							State of share	Amount
Sichuan Changhong Electric Co., Ltd.	State-owned legal person	22.47%	234,705,968	0	69,877,638	164,828,330	--	--
Hefei Industry Investment Holding (Group) Co., Ltd.	State-owned legal person	4.58%	47,823,401	0	0	47,823,401	--	--
Changhong (Hong Kong) Trading Company Limited (note 1)	Foreign legal person	2.63%	27,465,397	2,299,574	0	27,465,397	--	--
Ping An Annuity Insurance Company of China, Ltd. – Ping An Pension Ruifu private placement No.1 Assets Management Products	Domestic non state-owned corporate	2.26%	23,613,595	0	23,613,595	0	--	--
Golden Ergle- SPD-U Trust-U Trust JinYue No.4 Collected Asset Trust Plan	Domestic non state-owned corporate	2.26%	23,613,595	0	23,613,595	0	--	--
CAO SHENGCHUN	Foreign natural person	1.32%	13,823,183	280,976	0	13,823,183	--	--
Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd.	Domestic non state-owned corporate	1.20%	12,522,361	0	12,522,361	0	--	--
Ping An Bank – Ping An UOB Dingtai Flexible Mix Stock Investment Fund	Domestic non state-owned corporate	1.20%	12,522,361	0	12,522,361	0	--	--
Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	Domestic non state-owned corporate	1.03%	10,733,452	0	10,733,452	0	--	--
National Social Security Funds-504	Domestic non state-owned corporate	0.94%	9,838,998	0	9,838,998	0	--	--
Harvest Fund- Ping An Bank-Huaxia Asset Management Co., Ltd.	Domestic non state-owned corporate	0.94%	9,838,998	0	9,838,998	0	--	--

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; " Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd. " and " Ping An Bank – Ping An UOB Dingtai Flexible Mix Stock Investment Fund " have subscribed the products managed by Ping An Dahua Fund Management Co., Ltd. in the Company's non-public offering of shares in 2016; ""National Social Security Funds-504 ”和“Harvest Fund- Ping An Bank-Huaxia Asset Management Co., Ltd. ” have subscribed the products managed by Harvest Fund Management Co., Ltd. in the Company's non-public offering of shares in 2016. The company neither knows whether there is any association among other shareholders, nor knows whether other shareholders belong to the persons acting in concert that is stipulated in the “Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies”.		
Particular about top ten common shareholders with un-restrict shares held			
Shareholders’ name	Amount of unrestricted common shares held at end of Period	Type of shares	
		Type	Amount
Sichuan Changhong Electric Co., Ltd.	164,828,330	RMB ordinary shares	164,828,330
Hefei Industry Investment Holding (Group) Co., Ltd.	47,823,401	RMB ordinary shares	47,823,401
Changhong (Hong Kong) Trading Company Limited	27,465,397	Domestically listed foreign shares	27,465,397
CAO SHENGCHUN	13,823,183	Domestically listed foreign shares	13,823,183
NORGES BANK	4,546,432	Domestically listed foreign shares	4,546,432
China Securities Finance Corporation Limited	4,362,500	RMB ordinary shares	4,362,500
ICBC- Dongfanghong New Dynamic Flexible Mixed Investment Funds	4,180,694	RMB ordinary shares	4,180,694
Long Qinfang	3,352,737	Domestically listed foreign shares	3,352,737
CMB- Dongfanghong JD Big Data Flexible Mixed Investment Fund	3,248,586	RMB ordinary shares	3,248,586
China Industrial International Trust Limited – Xingxiang Progress No.1 Securities Capital Trust	2,924,398	RMB ordinary shares	2,924,398

Plan			
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 top ten common shareholders involving margin business (if applicable)	Not applicable		

Note 1: At end of the reporting period, the person acting in concert with controlling shareholder Sichuan Changhong-- Changhong (Hong Kong) Trading Company Limited, holds B-stock of the Company as 27,465,397 shares, among which, 387,600 shares are held through Philip Securities (H.K.) Co., Ltd.

Note 2: In the above table, "the shareholding situation of the shareholders hold more than 5% of shares or the top ten shareholders" is subject to the data on stock transfer books provided by China Securities Depository and Clearing Corporation Limited Shenzhen Branch, during the reporting period, 7 issuing objects including Sichuan Changhong Electric Co., Ltd. , Ping An Dahua Fund Management Co., Ltd., Golden Eagle Fund Management Co., Ltd., Harvest Fund Management Co., Ltd., Ping An Endowment Insurance Co., Ltd., Rongtong Fund Management Co., Ltd., and Caitong Fund Management Co., Ltd. have subscribed the company's non-public offering of shares in 2016, and these shares are all restricted shares. For the number of subscribed shares of the above-mentioned 7 issuing objects and the allocated products of other 6 issuing objects except for Sichuan Changhong, see details on the "Issuing report and listing announcement summary on the non-public offering of shares of Hefei Meiling Co., Ltd." (Announcement No. 2016-057) which the company has disclosed on the designated information disclosure media "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn on October 13, 2016.

Whether the top ten ordinary shareholders of the company and the top 10 ordinary shareholders of unrestricted conditions have made the repurchase transactions as agreed during the reporting period.

☐ Yes ☒ No

The top ten ordinary shareholders of the company and the top 10 ordinary shareholders of unrestricted conditions have not made the repurchase transactions as agreed during the reporting

period.

IV. Changes of controlling shareholder or actual controller

Changes of controlling shareholder in reporting period

☐ Applicable ☒ Not applicable

No change of controlling shareholder in reporting period.

Changes of actual controller in reporting period

☐ Applicable ☒ Not applicable

No changes of actual controller in reporting period.

Section VII. Preferred Stock

☐ Applicable ☒ Not applicable

The Company had no preferred stock in the reporting period.

Section VIII. Particular about Directors, Supervisors and Senior Executives

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 2016.

II. Changes of directors, supervisors and senior executive

☒ Applicable ☐ Not applicable

Name	Position	Type	Date	Reasons
Shang Wen	Staff supervisor	Office leaving	28 Feb. 2017	He did not serves as staff supervisor of the Company for personal reasons
Deng Li	Supervisor	Election	28 Feb. 2017	Being election by democratic election on employees congress, Mr. Deng Li agreed to elected as staff supervisor of 8 th supervisory committee of the Company
Xu Bangjun	Deputy president	Office leaving	24 Apr. 2017	Resigned the posts of deputy president of 8 th BOD of the Company, director, member of strategy committee and member of remuneration and appraisal committee due to personal career moves
Teng Guangsheng	Director	Election	4 May 2017	Mr. Teng Guangsheng was elected as non-independent director of the Company by resolution approved by AGM of 2016
Liu Tibin	President	Office leaving	17 Jul. 2017	Resigned the posts of president of 8 th BOD of the Company, director, director member of strategy committee and member of nomination committee of the Board due to personal career moves
Li Wei	President	Election	21 Jul. 2017	Mr. Li Wei was elected as president of 8 th BOD of the Company by resolution approved in 33 rd session of 8 th BOD
Li Wei	Chairman	Office leaving	21 Jul. 2017	He resigned from Chairman of the Company for personal work changed
Wu Dinggang	Chairman	Appointment	21 Jul. 2017	Mr. Wu Dinggang was appointed as chairman of the Company by resolution approved 33 rd session of 8 th BOD

In addition, the introduction about changing the term of office of the company's ninth session

of the Board of Directors and the Board of Supervisors:

The resolution of the 34th meeting of the 8th session of the Board of Directors that the company held on August 9, 2017 approved the Proposal on the Election of Non-Independent Directors of the 9th Session of the Board of Directors of the Company and the Proposal on the Election of Independent Directors of the 9th Session of the Board of Directors of the Company, according to the voting of the directors participated in the meeting, agreed to nominate Mr. Li Wei, Mr. Wu Dinggang, Mr. Kou Huameng, Mr. Shi Qiang, Mr. Yong Fengshan and Mr. Teng Guangsheng as the candidates for the non-independent directors of the 9th Board of Directors of the company; and agreed to nominate Mr. Gan Shengdao, Mr. Ren Jia, and Mr. Lu Yingjin as the candidates for the independent directors of the 9th Board of Directors of the company. On the same day, the resolution of the 18th meeting of the 8th Board of Supervisors of the company approved the Proposal on the Election of the 9th Board of Supervisors of the Company, according to the voting of the supervisors participated in the meeting, agreed to nominate Mr. Shao Min, Miss. Huang Hong, Mr. He Xintan as the candidates for the 9th Board of Supervisors.

Section IX Corporate Bond

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when semi-annual report approved for released or fail to cash in full on due: Nil

Section X. Financial Report

I. Audit reports

Whether the semi-annual report was audited or not

☐ Yes ☒ No

The semi-annual report was not audited.

II. Financial statements

Units in Notes of Financial Statements is RMB

1. Consolidated Balance Sheet

Prepared by Hefei Meiling Co., Ltd.

2017-6-30

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	4,918,185,647.77	4,058,869,234.63
Settlement provisions		
Capital lent		
Financial liability measured by fair value and with variation reckoned into current gains/losses	10,813,272.50	12,060,213.30
Derivative financial liability		
Notes receivable	2,511,715,429.41	1,421,429,723.73
Accounts receivable	2,048,332,541.11	1,118,960,552.49
Accounts paid in advance	289,836,060.91	134,706,488.38
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable	3,229,356.48	2,645,494.32
Dividend receivable		
Other receivables	68,537,511.44	39,553,919.44
Purchase restituted finance asset		

Inventories	2, 582, 538, 614. 47	1, 974, 526, 734. 86
Divided into assets held for sale		
Non-current asset due within one year	46, 133, 664. 00	12, 625, 340. 00
Other current assets	1, 867, 683, 272. 03	1, 454, 346, 297. 42
Total current assets	14, 347, 005, 370. 12	10, 229, 723, 998. 57
Non-current assets:		
Loans and payments on behalf		
Finance asset available for sales	31, 000, 000. 00	17, 000, 000. 00
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment	90, 247, 745. 70	81, 643, 631. 37
Investment property	12, 871, 340. 33	13, 275, 631. 40
Fixed assets	1, 214, 541, 611. 12	1, 204, 093, 169. 72
Construction in progress	148, 626, 411. 17	107, 037, 409. 95
Engineering material		
Disposal of fixed asset	75, 846, 390. 89	75, 788, 138. 47
Productive biological asset		
Oil and gas asset		
Intangible assets	605, 320, 595. 90	613, 969, 271. 63
Expense on Research and Development	73, 961, 222. 33	45, 023, 750. 60
Goodwill		
Long-term expenses to be apportioned	2, 583, 106. 23	1, 132, 075. 48
Deferred income tax asset	87, 505, 957. 53	84, 264, 603. 65
Other non-current asset	–	34, 615, 630. 00
Total non-current asset	2, 342, 504, 381. 20	2, 277, 843, 312. 27
Total assets	16, 689, 509, 751. 32	12, 507, 567, 310. 84
Current liabilities:		
Short-term loans	1, 432, 622, 701. 07	288, 343, 724. 73
Loan from central bank		
Absorbing deposit and interbank deposit		

Capital borrowed		
Financial liability measured by fair value and with variation reckoned into current gains/losses	9,671,394.08	559,249.58
Derivative financial liability		
Notes payable	4,573,857,981.57	2,635,051,740.30
Accounts payable	3,168,053,679.32	2,331,899,310.82
Accounts received in advance	472,573,801.58	390,935,440.46
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	103,531,061.56	189,592,039.00
Taxes payable	85,377,009.73	59,849,032.13
Interest payable	708,602.61	1,617,352.01
Dividend payable	16,972,722.88	2,545,801.23
Other accounts payable	812,770,528.06	622,580,323.43
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Divided into liability held for sale		
Non-current liabilities due within 1 year	59,718,504.77	272,202,590.10
Other current liabilities		
Total current liabilities	10,735,857,987.23	6,795,176,603.79
Non-current liabilities:		
Long-term loans	253,460,000.00	38,908,788.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable	28,061,416.36	29,696,403.85
Special accounts payable	980,000.00	1,400,000.00

Projected liabilities	328,801,716.59	331,575,430.79
Deferred income	122,713,001.14	142,919,562.49
Deferred income tax liabilities	1,503,490.88	1,809,032.00
Other non-current liabilities		
Total non-current liabilities	735,519,624.97	546,309,217.13
Total liabilities	11,471,377,612.20	7,341,485,820.92
Owner's equity:		
Share capital	1,044,597,881.00	1,044,597,881.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	2,685,313,862.77	2,687,961,060.65
Less: Inventory shares		
Other comprehensive income	938,467.33	3,474,546.95
Reasonable reserve		
Surplus public reserve	391,029,420.33	391,029,420.33
Provision of general risk		
Retained profit	997,496,549.90	968,097,382.98
Total owner's equity attributable to parent company	5,119,376,181.33	5,095,160,291.91
Minority interests	98,755,957.79	70,921,198.01
Total owner's equity	5,218,132,139.12	5,166,081,489.92
Total liabilities and owner's equity	16,689,509,751.32	12,507,567,310.84

Legal Representative: Li Wei

Person in charge of accounting works: Zhang Xiaolong

Person in charge of accounting institute: Luo Bo

2. Balance Sheet of Parent Company

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	3,070,514,216.48	3,071,362,771.31
Financial liability measured by fair value and with variation	10,023,272.50	12,060,213.30

reckoned into current gains/losses		
Derivative financial liability		
Notes receivable	1, 597, 881, 819. 77	1, 053, 598, 721. 93
Accounts receivable	1, 755, 138, 033. 66	1, 006, 701, 894. 37
Account paid in advance	399, 362, 495. 77	106, 947, 474. 25
Interest receivable		
Dividends receivable		
Other receivables	59, 549, 479. 60	26, 742, 423. 95
Inventories	1, 108, 770, 017. 32	1, 017, 090, 374. 81
Divided into assets held for sale		
Non-current assets maturing within one year		
Other current assets	1, 420, 969, 339. 84	1, 427, 283, 451. 40
Total current assets	9, 422, 208, 674. 94	7, 721, 787, 325. 32
Non-current assets:		
Available-for-sale financial assets	31, 000, 000. 00	17, 000, 000. 00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	1, 025, 915, 752. 87	992, 282, 289. 21
Investment property	11, 095, 070. 97	11, 332, 015. 32
Fixed assets	837, 773, 087. 41	861, 163, 999. 99
Construction in progress	38, 386, 238. 77	19, 478, 121. 20
Project materials		
Disposal of fixed assets	43, 553, 207. 13	43, 494, 954. 71
Productive biological assets		
Oil and natural gas assets		
Intangible assets	433, 737, 939. 25	430, 435, 091. 82
Research and development costs	3, 480, 624. 34	12, 797, 092. 26
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	69, 726, 484. 23	69, 138, 686. 26
Other non-current assets		

Total non-current assets	2, 494, 668, 404. 97	2, 457, 122, 250. 77
Total assets	11, 916, 877, 079. 91	10, 178, 909, 576. 09
Current liabilities:		
Short-term borrowings	1, 350, 912, 701. 07	261, 843, 724. 73
Financial liability measured by fair value and with variation reckoned into current gains/losses	8, 890, 194. 08	—
Derivative financial liability		
Notes payable	2, 537, 674, 948. 81	1, 734, 774, 950. 13
Accounts payable	1, 503, 983, 245. 29	1, 521, 019, 717. 86
Accounts received in advance	95, 120, 111. 63	104, 205, 506. 34
Wage payable	20, 368, 144. 07	57, 714, 577. 87
Taxes payable	19, 598, 494. 87	25, 677, 906. 64
Interest payable	708, 602. 61	1, 617, 352. 01
Dividend payable	16, 972, 722. 88	2, 545, 801. 23
Other accounts payable	560, 457, 483. 66	634, 561, 307. 52
Divided into liability held for sale		
Non-current liabilities due within 1 year	8, 384, 965. 56	257, 750, 238. 18
Other current liabilities		
Total current liabilities	6, 123, 071, 614. 53	4, 601, 711, 082. 51
Non-current liabilities:		
Long-term loans	253, 460, 000. 00	4, 751, 000. 00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable	28, 061, 416. 36	29, 696, 403. 85
Special accounts payable		
Projected liabilities	328, 801, 716. 59	331, 575, 430. 79
Deferred income	60, 750, 408. 61	64, 601, 290. 18
Deferred income tax liabilities	1, 503, 490. 88	1, 809, 032. 00
Other non-current liabilities		

Total non-current liabilities	672,577,032.44	432,433,156.82
Total liabilities	6,795,648,646.97	5,034,144,239.33
Owners' equity:		
Share capita	1,044,597,881.00	1,044,597,881.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	2,753,017,007.10	2,753,017,007.10
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus reserve	390,811,254.65	390,811,254.65
Retained profit	932,802,290.19	956,339,194.01
Total owner's equity	5,121,228,432.94	5,144,765,336.76
Total liabilities and owner's equity	11,916,877,079.91	10,178,909,576.09

Legal Representative: Li Wei

Person in charge of accounting works: Zhang Xiaolong

Person in charge of accounting institute: Luo Bo

3. Consolidated Profit Statement

In RMB

Item	Current Period	Last Period
I. Total operating income	8,517,794,193.10	6,866,631,262.68
Including: Operating income	8,517,794,193.10	6,866,631,262.68
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	8,436,805,983.05	6,760,418,778.86
Including: Operating cost	6,996,226,048.85	5,432,461,687.10
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	65,836,020.31	79,457,581.26
Sales expenses	1,140,172,032.08	1,075,647,750.60
Administration expenses	222,533,091.74	175,964,420.95
Financial expenses	-33,454,482.67	-39,699,342.16
Losses of devaluation of asset	45,493,272.74	36,586,681.11
Add: Changing income of fair value (Loss is listed with "-")	-10,359,085.30	-1,278,570.21
Investment income (Loss is listed with "-")	23,593,349.66	4,153,090.95
Including: Investment income on affiliated company and joint venture	-3,226,328.17	-833,210.42
Exchange income (Loss is listed with "-")		
Other income	1,275,937.62	-
III. Operating profit (Loss is listed with "-")	95,498,412.03	109,087,004.56
Add: Non-operating income	23,491,147.85	21,471,702.44
Including: Disposal gains of non-current asset	261,776.49	330,833.76
Less: Non-operating expense	11,455,300.63	1,818,874.18
Including: Disposal loss of non-current asset	11,359,875.16	1,545,129.64
IV. Total Profit (Loss is listed with "-")	107,534,259.25	128,739,832.82
Less: Income tax expense	9,439,557.86	18,816,185.98
V. Net profit (Net loss is listed with "-")	98,094,701.39	109,923,646.84
Net profit attributable to owner's of parent company	92,075,039.77	109,992,701.28

Minority shareholders' gains and losses	6,019,661.62	-69,054.44
VI. Net after-tax of other comprehensive income	-3,352,515.41	2,484,848.72
Net after-tax of other comprehensive income attributable to owners of parent company	-2,536,079.62	1,814,457.07
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	-2,536,079.62	1,814,457.07
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of	-2,536,079.62	1,814,457.07

foreign currency financial statements		
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders	-816,435.79	670,391.65
VII. Total comprehensive income	94,742,185.98	112,408,495.56
Total comprehensive income attributable to owners of parent Company	89,538,960.15	111,807,158.35
Total comprehensive income attributable to minority shareholders	5,203,225.83	601,337.21
VIII. Earnings per share:		
(i) Basic earnings per share	0.0881	0.1440
(ii) Diluted earnings per share	0.0881	0.1440

Legal Representative: Li Wei

Person in charge of accounting works: Zhang Xiaolong

Person in charge of accounting institute: Luo Bo

4. Profit Statement of Parent Company

In RMB

Item	Current Period	Last Period
I. Operating income	4,129,608,352.50	3,770,773,163.93
Less: Operating cost	3,775,369,456.26	3,160,132,227.01
Operating tax and extras	27,722,529.70	38,748,885.70
Sales expenses	231,438,219.07	421,077,853.44
Administration expenses	109,065,216.23	77,408,287.96
Financial expenses	-37,206,339.33	-31,518,036.32
Losses of devaluation of asset	4,856,561.37	9,159,976.91
Add: Changing income of fair value (Loss is listed with "-")	-10,927,134.88	-1,278,570.21
Investment income (Loss is listed with "-")	29,730,083.95	82,892,597.34
Including: Investment	3,105,463.66	2,644,982.57

income on affiliated company and joint venture		
Other income		
II. Operating profit (Loss is listed with “-”)	37,165,658.27	177,377,996.36
Add: Non-operating income	7,418,718.98	14,372,303.76
Including: Disposal gains of non-current asset	-	269,387.27
Less: Non-operating expense	1,447,901.85	1,216,566.48
Including: Disposal loss of non-current asset	1,443,561.25	1,150,366.91
III. Total Profit (Loss is listed with “-”)	43,136,475.40	190,533,733.64
Less: Income tax expense	3,997,506.37	14,915,129.58
IV. Net profit (Net loss is listed with “-”)	39,138,969.03	175,618,604.06
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		

2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
VI. Total comprehensive income	39,138,969.03	175,618,604.06
VII. Earnings per share:		
(i) Basic earnings per share	0.0375	0.2299
(ii) Diluted earnings per share	0.0375	0.2299

Legal Representative: Li Wei

Person in charge of accounting works: Zhang Xiaolong

Person in charge of accounting institute: Luo Bo

5. Consolidated Cash Flow Statement

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	6,755,539,540.78	6,122,120,567.44
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 amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received	205,339,020.51	183,108,861.55
Other cash received concerning operating activities	16,569,072.09	19,615,271.12
Subtotal of cash inflow arising from operating activities	6,977,447,633.38	6,324,844,700.11
Cash paid for purchasing commodities and receiving labor service	5,258,471,672.84	4,321,939,929.71
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	704,133,083.60	644,386,641.53

Taxes paid	210,338,863.27	168,259,449.49
Other cash paid concerning operating activities	320,273,315.76	318,569,174.49
Subtotal of cash outflow arising from operating activities	6,493,216,935.47	5,453,155,195.22
Net cash flows arising from operating activities	484,230,697.91	871,689,504.89
II. Cash flows arising from investing activities:		
Cash received from recovering investment	1,457,000,000.00	500,000,000.00
Cash received from investment income	27,800,453.69	4,986,301.37
Net cash received from disposal of fixed, intangible and other long-term assets	2,614,755.73	330,776.45
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	41,477,206.87	36,389,716.67
Subtotal of cash inflow from investing activities	1,528,892,416.29	541,706,794.49
Cash paid for purchasing fixed, intangible and other long-term assets	239,785,175.33	65,945,234.00
Cash paid for investment	1,853,000,021.00	100,883,860.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	998,270.61	—
Subtotal of cash outflow from investing activities	2,093,783,466.94	166,829,094.00
Net cash flows arising from investing activities	-564,891,050.65	374,877,700.49
III. Cash flows arising from		

financing activities:		
Cash received from absorbing investment	20,000,000.00	23,145,352.69
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	1,685,653,798.22	797,486,045.88
Cash received from issuing bonds		
Other cash received concerning financing activities	—	3,451.80
Subtotal of cash inflow from financing activities	1,705,653,798.22	820,634,850.37
Cash paid for settling debts	737,057,083.32	88,241,810.84
Cash paid for dividend and profit distributing or interest paying	57,193,407.84	49,368,745.83
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	151,611.24	98,192.48
Subtotal of cash outflow from financing activities	794,402,102.40	137,708,749.15
Net cash flows arising from financing activities	911,251,695.82	682,926,101.22
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-7,231,244.45	12,229,868.87
V. Net increase of cash and cash equivalents	823,360,098.63	1,941,723,175.47
Add: Balance of cash and cash equivalents at the period -begin	3,986,098,419.76	2,121,161,238.01
VI. Balance of cash and cash equivalents at the period -end	4,809,458,518.39	4,062,884,413.48

Legal Representative: Li Wei

Person in charge of accounting works: Zhang Xiaolong

Person in charge of accounting institute: Luo Bo

6. Cash Flow Statement of Parent Company

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	2,847,697,427.41	3,257,292,398.00
Write-back of tax received	97,733,874.40	90,212,886.14
Other cash received concerning operating activities	13,343,872.91	11,964,243.27
Subtotal of cash inflow arising from operating activities	2,958,775,174.72	3,359,469,527.41
Cash paid for purchasing commodities and receiving labor service	3,270,599,036.24	2,456,420,547.09
Cash paid to/for staff and workers	292,673,473.80	257,679,481.30
Taxes paid	39,983,393.59	58,375,692.51
Other cash paid concerning operating activities	111,308,401.29	135,616,094.86
Subtotal of cash outflow arising from operating activities	3,714,564,304.92	2,908,091,815.76
Net cash flows arising from operating activities	-755,789,130.20	451,377,711.65
II. Cash flows arising from investing activities:		
Cash received from recovering investment	1,430,000,000.00	500,000,000.00
Cash received from investment income	27,605,396.15	80,247,614.77
Net cash received from disposal of fixed, intangible and other long-term assets	566,647.40	240,112.02
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	41,875,620.90	28,290,477.04
Subtotal of cash inflow from investing	1,500,047,664.45	608,778,203.83

activities		
Cash paid for purchasing fixed, intangible and other long-term assets	190,548,277.28	37,238,789.69
Cash paid for investment	1,494,528,000.00	171,250,000.00
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities	998,270.61	63,665,205.65
Subtotal of cash outflow from investing activities	1,686,074,547.89	272,153,995.34
Net cash flows arising from investing activities	-186,026,883.44	336,624,208.49
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Cash received from loans	1,633,110,198.22	794,126,025.52
Cash received from issuing bonds		
Other cash received concerning financing activities	142,854,592.22	217,115,708.21
Subtotal of cash inflow from financing activities	1,775,964,790.44	1,011,241,733.73
Cash paid for settling debts	737,057,083.32	60,135,614.84
Cash paid for dividend and profit distributing or interest paying	56,234,951.49	48,236,007.73
Other cash paid concerning financing activities	35,096,664.55	56,057,512.35
Subtotal of cash outflow from financing activities	828,388,699.36	164,429,134.92
Net cash flows arising from financing activities	947,576,091.08	846,812,598.81
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-4,752,741.88	11,423,170.75
V. Net increase of cash and cash equivalents	1,007,335.56	1,646,237,689.70
Add: Balance of cash and cash equivalents at the period -begin	3,067,671,385.08	1,654,499,494.28

VI. Balance of cash and cash equivalents at the period -end	3, 068, 678, 720. 64	3, 300, 737, 183. 98
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Legal Representative: Li Wei

Person in charge of accounting works: Zhang Xiaolong

Person in charge of accounting institute: Luo Bo

7. Statement of Changes in Owners' Equity (Consolidated)

This Period

In RMB

Item	This Period												
	Owners' equity attributable to parent company											Minority interests	Total owners' equity
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit		
		Preferred stock	Perpetual capital securities	Other									
I. Balance at the end of the last year	1,044,597,881.00				2,687,961,060.65		3,474,546.95		391,029,420.33		968,097,382.98	70,921,198.01	5,166,081,489.92
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													
II. Balance at the beginning of this year	1,044,597,881.00				2,687,961,060.65		3,474,546.95		391,029,420.33		968,097,382.98	70,921,198.01	5,166,081,489.92
III. Increase/Decrease in this year (Decrease is listed					-2,647,197.88		-2,536,079.62				29,399,166.92	27,834,759.78	52,050,649.20

with “-”)													
(i) Total comprehensive income							-2,536,079.62				92,075,039.77	5,203,225.83	94,742,185.98
(ii) Owners' devoted and decreased capital					-2,647,197.88							22,631,533.95	19,984,336.07
1.Common shares invested by shareholders												37,361.22	37,361.22
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													
4. Other					-2,647,197.88							22,594,172.73	19,946,974.85
(III) Profit distribution											-62,675,872.85		-62,675,872.85
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)											-62,675,872.85		-62,675,872.85
4. Other													

(IV) 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. Other													
(V) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(VI) Others													
IV. Balance at the end of the report period	1,044,597,881.00				2,685,313,862.77		938,467.33		391,029,420.33		997,496,549.90	98,755,957.79	5,218,132,139.12

Last Year

In RMB

Item	Last Period												
	Owners' equity attributable to the parent Company											Minority interests	Total owners' equity
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit		
		Preferred stock	Perpetual	Other									

			capital securiti es				ve						
I. Balance at the end of the last year	763,739,205.00				1,529,183,876.13		-2,280,500.61		367,066,994.18		817,667,480.44	36,291,435.86	3,511,668,491.00
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													
II. Balance at the beginning of this year	763,739,205.00				1,529,183,876.13		-2,280,500.61		367,066,994.18		817,667,480.44	36,291,435.86	3,511,668,491.00
III. Increase/Decrease in this year (Decrease is listed with "-")	280,858,676.00				1,158,777,184.52		5,755,047.56		23,962,426.15		150,429,902.54	34,629,762.15	1,654,412,998.92
(i) Total comprehensive income							5,755,047.56				220,216,680.96	1,996,589.61	227,968,318.13
(ii) Owners' devoted and decreased capital	280,858,676.00				1,158,777,184.52							32,984,351.87	1,472,620,212.39
1.Common shares invested by shareholders	280,858,676.00				1,259,874,046.76							27,867,909.83	1,568,600,632.59
2. Capital invested													

by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													
4. Other					-101,096,862.24							5,116,442.04	-95,980,420.20
(III) Profit distribution									23,962,426.15		-69,786,778.42	-351,179.33	-46,175,531.60
1. Withdrawal of surplus reserves									23,962,426.15		-23,962,426.15		-
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)											-45,824,352.27	-351,179.33	-46,175,531.60
4. Other													
(IV) Carrying forward internal owners' equity													
1. Capital reserves conversed to capital (share capital)													
2. Surplus reserves conversed to capital (share capital)													
3. Remedying loss with surplus reserve													
4. Other													

(V) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(VI) Others													
IV. Balance at the end of the report period	1,044,597,881.00				2,687,961,060.65		3,474,546.95		391,029,420.33		968,097,382.98	70,921,198.01	5,166,081,489.92

Legal Representative: Li Wei

Person in charge of accounting works: Zhang Xiaolong

Person in charge of accounting institute: Luo Bo

8. Statement of Changes in Owners' Equity (Parent Company)

This Period

In RMB

Item	This Period										
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Total owners' equity
		Preferred stock	Perpetual capital securities	Other							
I. Balance at the end of the last year	1,044,597,881.00				2,753,017,007.10				390,811,254.65	956,339,194.01	5,144,765,336.76
Add: Changes of accounting policy											
Error correction of the last period											

Other											
II. Balance at the beginning of this year	1,044,597,881.00				2,753,017,007.10				390,811,254.65	956,339,194.01	5,144,765,336.76
III. Increase/ Decrease in this year (Decrease is listed with "-")										-23,536,903.82	-23,536,903.82
(i) Total comprehensive income										39,138,969.03	39,138,969.03
(ii) Owners' devoted and decreased capital											
1.Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other											
(III) Profit distribution										-62,675,872.85	-62,675,872.85
1. Withdrawal of surplus reserves											
2. Distribution for owners (or shareholders)										-62,675,872.85	-62,675,872.85
3. Other											
(IV) Carrying forward internal owners' equity											
1. Capital reserves conversed to capital (share capital)											

2. Surplus reserves converted to capital (share capital)											
3. Remedying loss with surplus reserve											
4. Other											
(V) Reasonable reserve											
1. Withdrawal in the report period											
2. Usage in the report period											
(VI) Others											
IV. Balance at the end of the report period	1,044,597,881.00				2,753,017,007.10				390,811,254.65	932,802,290.19	5,121,228,432.94

Last year

In RMB

Item	Last period										
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Total owners' equity
		Preferr ed stock	Perpetu al capital securiti es	Other							
I. Balance at the end of the last year	763,739,205.00				1,497,987,446.59				366,848,828.50	786,501,710.90	3,415,077,190.99
Add: Changes of accounting policy											
Error correction of the last period											
Other											

II. Balance at the beginning of this year	763,739,205.00				1,497,987,446.59				366,848,828.50	786,501,710.90	3,415,077,190.99
III. Increase/ Decrease in this year (Decrease is listed with “-”)	280,858,676.00				1,255,029,560.51				23,962,426.15	169,837,483.11	1,729,688,145.77
(i) Total comprehensive income										239,624,261.53	239,624,261.53
(ii) Owners’ devoted and decreased capital	280,858,676.00				1,259,877,498.56						1,540,736,174.56
1.Common shares invested by shareholders	280,858,676.00				1,259,874,046.76						1,540,732,722.76
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other					3,451.80						3,451.80
(III) Profit distribution									23,962,426.15	-69,786,778.42	-45,824,352.27
1. Withdrawal of surplus reserves									23,962,426.15	-23,962,426.15	
2. Distribution for owners (or shareholders)										-45,824,352.27	-45,824,352.27
3. Other											
(IV) 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. Other											
(V) Reasonable reserve											

1. Withdrawal in the report period											
2. Usage in the report period											
(VI) Others					-4,847,938.05						-4,847,938.05
IV. Balance at the end of the report period	1,044,597,881.00				2,753,017,007.10				390,811,254.65	956,339,194.01	5,144,765,336.76

Legal Representative: Li Wei

Person in charge of accounting works: Zhang Xiaolong

Person in charge of accounting institute: Luo Bo

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

From 1 January 2017 to 30 June 2017

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

I. Company profile

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 [Wanzhengmi (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. 1413] issued by SASAC agrees the above

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

From 1 January 2017 to 30 June 2017

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

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 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 Shinwing 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.

On November 18, 2015, considered and approved by the 12th meeting of the 8th Board of Directors of the company and the first extraordinary general meeting in 2016, and approved by the document of China Securities Regulatory Commission [CSRC License No. (2016) 1396] "Reply to the approval of non-public offering of shares of Hefei Meiling Co., Ltd.", the company has actually raised funds of 1,569,999,998.84 Yuan by non-public offering of no more than 334,042,553 new shares at face value of RMB 1 Yuan per share and with issue price no less than RMB4.70 per share, after deducting the issue costs of 29,267,276.08 Yuan, the net amount of raised funds is 1,540,732,722.76 Yuan, the increased paid-in capital (share capital) of RMB 280,858,676.00 Yuan, increased capital reserve (share premium) of 1,259,874,046.76 Yuan. This capital increase has been verified by No. [XYZH2016CDA40272] capital verification report of ShineWing Certified Public Accountants special general partnership.

Ended as 30 June 2017, total share capital of the Company amounting to 1,044,597,881 shares with ordinary shares in full. Among which, 881,733,881 shares of A-share accounting 84.41% in total shares while B-share with 162,864,000 shares accounting 15.59% in total shares. Detail share capital as:

Type of stock	Quantity	Proportion
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Annotations of Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 30 June 2017

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

(I) Restricted shares	290,457,371	27.81%
1. State-owned shares		
2. State-owned legal person's shares	70,793,625	6.78%
3. Other domestic shares	218,663,897	20.94%
Including: Domestic legal person's shares	215,697,115	20.65%
Domestic natural person's shares	2,966,782	0.29%
4. Foreign shares	999,849	0.09%
(II) Unrestricted shares	754,140,510	72.19%
1. RMB Ordinary shares	592,276,359	56.69%
2. Domestically listed foreign shares	161,864,151	15.50%
3. Overseas listed foreign shares		
4. Others		
Total shares	1,044,597,881	100.00%

The Company belongs to the manufacture of light industry, and engaged in the production and sale of refrigerator, freezer and air-conditioner. Unified social credit code of the Company: 9134000014918555XK; Address: No.2163, Lianhua Road, Economy and Technology Development Zone, Hefei City; Legal Representative: Li Wei; register capital(paid-in capital): RMB 1,044,597,881; 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

II. Scope of consolidated financial statement

The Company's consolidated financial statement included 50 subsidiaries including Sichuan Changhong Air-Conditioner Company Limited, Zhongshan Changhong Electric Company Limited and Zhongke Meiling Cryogenic Technology Company Limited, etc. As compared to previous year, Subsidiary Meiling Candy Washing Machine Company Limited, Zhongshan Hongling Trade Company Limited and Guangzhou Changhong Trade Company Limited were newly included due to direct investment in this period; Subsidiary Xi'an Meizhilai Appliances Marketing Company Limited was excluded due to liquidation.

More detail can be seen in "VII-Changes of consolidated scope" and "VIII-Rights and interest in other subjects" in the Note.

III. Basis for preparation of financial statement

1. Basis for preparation

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

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

From 1 January 2017 to 30 June 2017

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

“IV-Significant Accounting Policy and Accounting Estimation”.

2. Continuous operation

The Company recently has a history of profitability operation and has financial resources supporting, and prepared the financial statement on basis of going concern is reasonable.

IV. Significant Accounting Policy and Accounting Estimation

1. Statement on observation of accounting standards 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.

2. Accounting period

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

3. Standard currency for accounting

The Company takes RMB as the standard currency for accounting.

4. Accountant arrangement method of business combination under common control and not under common control

As acquirer, the Company measures the assets and liabilities acquired through business combination under common control at their carrying values as reflected in the consolidated financial statement of the ultimate controller as of the combination date. Capital reserve shall be adjusted in respect of any difference between carrying value of the net assets acquired and carrying value of the combination consideration paid. In case that capital reserve is insufficient to offset, the Company would adjust retained earnings.

The acquiree's net identifiable assets, liabilities or contingent liabilities acquired through business combination not under common control shall be measured at fair value as of the acquisition date. The cost of combination represents the fair value of the cash or non-cash assets paid, liabilities issued or committed and equity securities issued by the Company as at the date of combination in consideration for acquiring the controlling power in the acquiree, together with the sum of any directly related expenses occurred during business combination (in case of such business combination as gradually realized through various transactions, the combination cost refers to the sum of each cost of respective separate transaction). Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquirer's identifiable net assets acquired, the difference is recognized as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the Company shall firstly make further review on the fair values of the net identifiable assets, liabilities or contingent liabilities acquired as well as the fair value of the non-cash assets portion of combination consideration or the equity securities issued by the Company. In case that the Company finds the cost of combination is still lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets after such further review, the difference is recognized in non-operating income for the current period when combination occurs.

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5. Measures on Preparation of Consolidated Financial Statements

The Company shall put all the subsidiaries controlled and main body structured into consolidated financial statements.

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.

All the material inter-company transactions, non-extraordinary items and unrealized profit within the combination scope are written-off when preparing consolidated financial statement. Owners' equity of subsidiary not attributable to parent company and current net gains and losses, other comprehensive income and total comprehensive income attributable to minority shareholders are recognized as non-controlling interests, minority interests, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders in consolidated financial statement respectively.

As for subsidiary acquired through business combination under common control, its operating results and cash flow will be included in consolidated financial statement since the beginning of the period when combination occurs. When preparing comparative consolidated financial statement, the relevant items in previous year's financial statement shall be adjusted as if the reporting entity formed upon combination has been existing since the ultimate controller commenced relevant control.

As for equity interests of the investee under common control acquired through various transactions which eventually formed business combination, the Company shall supplement disclosure of the accounting treatment in consolidated financial statement in the reporting period when controlling power is obtained. For example, as for equity interests of the investee under common control acquired through various transactions which eventually formed business combination, adjustments shall be made as if the current status had been existing when the ultimate controller commenced control in connection of preparing consolidated financial statement; in connection with preparing comparative statement, the Company shall consolidate the relevant assets and liabilities of the acquiree into the Company's comparative consolidated financial statement to the extent not earlier than the timing when the Company and the acquiree are all under control of the ultimate controller, and the net assets increased due to combination shall be used to adjust relevant items under owners' equity in comparative statement. In order to prevent double computation of the value of the acquiree's net assets, the relevant profits and losses, other comprehensive income and change of other net assets recognized during the period from the date when the Company acquires original equity interests and the date when the Company and the acquiree are all under ultimate control of the same party (whichever is later) to the date of combination in respect of the long-term equity investment held by the Company before satisfaction of combination shall be utilized to offset the beginning retained earnings and current gains and losses in the period as the comparative financial statement involves, respectively.

As for subsidiary acquired through business combination not under common control, its operating results and cash flow will be included in consolidated financial statement since the Company obtains controlling power. When preparing consolidated financial statement, the Company shall adjust the subsidiary's financial statement based on the fair value of the various identifiable assets, liabilities or

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contingent liabilities recognized as of the acquisition date.

As for equity interests of the investee not under common control acquired through various transactions which eventually formed business combination, the Company shall supplement disclosure of the accounting treatment in consolidated financial statement in the reporting period when controlling power is obtained. For example, as for equity interests of the investee not under common control acquired through various transactions which eventually formed business combination, when preparing consolidated financial statement, the Company would re-measure the equity interests held in the acquiree before acquisition date at their fair value as of the acquisition date, and any difference between the fair value and carrying value is included in current investment income. In case that the equity interests in acquiree held by the Company before the relevant acquisition date involves other comprehensive income at equity method and change of other owners' equity (other than net gains and losses, other comprehensive income and profit distribution), then the equity interests would transfer to investment gains and losses for the period which the acquisition date falls upon. The other comprehensive income arising from change of the net liabilities or net assets under established benefit scheme as acquiree's re-measured such scheme is excluded.

The transaction with non-controlling interest to dispose long-term equity investment in a subsidiary without losing control rights over the subsidiary, the difference between the proceeds from disposal of interests and the decrease of the shared net assets of the subsidiary is adjusted to capital premium (share premium). In case capital reserve is not sufficient to offset the difference, retained earnings will be adjusted.

As for disposal of part equity investment which leads to losing control over the investee, the Company would re-measure the remaining equity interests at their fair value as of the date when the Company loses control over the investee when preparing consolidated financial statement. The sum of consideration received from disposal of equity interest and fair value of the remaining equity interest, less the net assets of the original subsidiary attributable to the Company calculated based on the original shareholding proportion since the acquisition date or the date then consolidation commences, is included in investment gains and losses for the period when control is lost, meanwhile to offset goodwill. Other comprehensive income related to equity interest investment in original subsidiaries is transferred into current investment gains and losses upon loss of control.

If the disposal of the equity investment of a subsidiary is realized through multiple transactions until loss of control and is a package deal, the accounting treatment of these transactions should be dealt with as one transaction of disposal of the subsidiary until loss of control. However, before the Company loses total control of the subsidiary, the differences between the actual disposal price and the share of the net assets of the subsidiary disposed of in every transaction should be recognized as other comprehensive income in the consolidated financial statements, and transferred to profit or loss when losing control.

6. Accounting treatment for joint venture arrangement and joint controlled entity

The joint venture arrangement of the Company consists of joint controlled entity and joint venture. As for jointly controlled entity, the Company determines the assets held and liabilities assumed separately as a party to the jointly controlled entity, recognizes such assets and liabilities according to its proportion, and

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recognizes relevant income and expense separately under relevant agreement or according to its proportion. As for asset transaction relating to purchase and sales with the jointly controlled entity which does not constitute business activity, part of the gains and losses arising from such transaction attributable to other participators of the jointly controlled entity is only recognized.

7. Cash and cash equivalents

Cash in the cash flow statement comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, including but not limited to the followings which meet the aforesaid conditions: debt investment matured within three months upon the acquisition date, bank time deposit which can be early withdrew by serving a notice and transferrable deposit receipt, etc. for time deposit which cannot be used for payment at any time, it would be not recognized as cash; while if can be used for such purpose, it would be recognized as cash. Guarantee deposit over three months in other monetary capital shall not be recognized as cash equivalents, and those less than three months are recognized as cash equivalents.

8. Foreign currency business and foreign currency financial statement conversion

(1) Foreign currency business

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.

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9. 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 included 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 part of the contract of financial instrument in the Company, recognized in balance sheet by fair value. For the financial assets which are 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

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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

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; ②The financial assets has already been transferred, and the Company has transferred almost all risks and remunerations of financial assets ownership to the transferee; ③The 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

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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 liabilities

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.

1) 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 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.

10. Bad debt provision for accounts receivable

Allowance method is adopted for the bad debt losses which are likely to happen. And conducting

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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.

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.

Account receivables were divided as follow categories at period-end, which was performed impairment test in way of individual or group, and withdrawal bad debt provision:

(1) Account receivable with single significant amount:

Determine basis or amount standards for single significant amount	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
Method of bad debt provision accrual for account receivable with single major amount	Withdrawal bad debt provision according to difference between the current value of future cash flow and book values; if there has no impairment been found in individual test, withdrawal bad debt provision while testing by group

(2) Account receivable withdrawal bad debt provision based on 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	Withdrawal bad debt provision by proportion in different age group
Combination 2	Risks are under control without bad debt provision accrual

In combination 1, withdrawal proportion of bad debt provision for account receivable based on age analysis:

Age	Withdrawal proportion of account receivable (%)	Withdrawal proportion of other account receivable (%)
Within 1 year (1 year included)	5	5
1—2years	15	15
2—3 years	35	35
3—4 years	55	55
4—5 years	85	85
Over 5 years	100	100

(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
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Withdrawal method for bad debt provision	Impairment test on the current value of predicted future cash flow, bad debt provision withdrawal.
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11. 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 is 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
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

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

With respect to the inventories and delivered goods which are not vested to the above classification, their realizable net value will be calculated by the Company based on the estimated selling price of the inventories less estimated selling expense and related taxes. 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. Mould expense will amortize in installment in usual times. Once the use-life of mould is terminated, and then transfers its remaining cost into gains/losses, no withdrawal of obsolete provision at period-end.

12. Long-term equity investment

Long-term equity investment of the Company is mainly about investment in subsidiary, investment in associates and investment in joint-ventures.

For long-term equity investments acquired through business combination under common control, the initial investment cost shall be the acquirer's share of the carrying amount of net assets of the acquiree as of the combination date as reflected in the consolidated financial statement of the ultimate controller. If the carrying amount of net assets of the acquiree as of the combination date is negative, the investment cost of long-term equity investment shall be zero. For long-term equity investment acquired through business combination not under common control, the initial investment cost shall be the combination cost.

Excluding the long-term equity investment acquired through business combination, there is also a king of long-term equity investment acquired through cash payment, for which the actual payment for the purchase shall be investment cost; If Long-term equity investments are acquired by issuing equity securities, fair value of issuing equity investment shall be investment cost; for Long-term equity investments which are invested by investors, the agreed price in investment contract or agreement shall be 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 investment cost.

The Company adopts cost method for investment in subsidiaries, makes calculation for investments in joint-ventures and associates by equity method.

When calculated by cost method, long-term equity investment is priced according to its investment

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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 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.

In case that investor loses joint control or significant influence over investee due to disposal of part equity interest investment, the remaining equity interest shall be calculated according to Enterprise Accounting Principles No.22-Recognition and Measurement of Financial Instrument. Difference between the fair value of the remaining equity interest as of the date when lose of joint control or significant influence and the carrying value is included in current gains and losses. Other comprehensive income recognized in respect of the original equity interest investment under equity method should be treated according to the same basis which the investee adopts to directly dispose the relevant assets or liabilities when ceasing adoption of equity method calculation; 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 is 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.

13. 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

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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	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.

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.

14. 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 reorganization of fixed assets, they would be accounted as fixed asset cost; and for the part which is replaced, reorganization of its carrying value shall cease; for those not meeting requirements for reorganization of fixed assets, they shall be accounted in current gains and losses

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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 reorganization 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	Machinery equipments	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 estimation change.

15. 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.

16. 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 reorganization of capitalized amount of common borrowing, it equals to the weighted average of the

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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.

17. 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 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.

18. 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 make it available for application or sell in technology;
- (2) Equipped with plan to complete the intangible asset and apply or sell it;

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(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.

19. 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.

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

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greatly lower (or higher) than the predicted amount;

(7) Other indications showing possible impairment of assets.

20. 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.

21. 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.

22. Staff remuneration

Employee benefits mainly include all kinds of remuneration incurred in exchange for services rendered by employees or compensation to the termination of employment relationship such as short-term wages, post-employment benefits, compensation for the termination of employment relationship and other long-term employee welfare.

Short-term remuneration includes: staff salary, bonus, allowances and subsidies, staff benefits, social insurances like medical insurance, work-related injury insurance and maternity insurance, housing fund, labor union funds and staff education funds, short-term paid absence of duty, short-term profit sharing scheme, and non-monetary benefits as well as other short-term remuneration. During the accounting period when staff provides services, the short-term remuneration actually occurred is recognized as liabilities and shall be included in current gains and losses or related asset costs according to the beneficial items.

Retirement benefits mainly consist of basic pension insurance, unemployment insurance and early-retirement benefits, etc. retirement benefit scheme represents the agreement reached by the Company and its employees in respect of retirement benefits, or the rules or regulations established by the Company for providing retirement benefits to employees. In particular, defined contribution plan means a retirement benefit plan, pursuant to which, the Company makes fixed contribution to independent fund, upon which, and it is not obliged to make further payment. Defined benefit plan refers to retirement benefit scheme other than defined contribution plan.

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

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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.

23. Estimated 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.

24. Principle of recognition of revenue and measurement method

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; The export business is recognized when the packing list is received; and the associated costs incurred or to be incurred can be measured reliably. Air-conditioner OEM/ODM will recognize revenue while notes issued after commodity transferring to the shipping space that appointed by the client.

(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.

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(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.

25. Government subsidies

Government subsidy at the Company be able to meet its attached conditions, and can be confirmed when received. Government grants for monetary assets, in accordance with the measurement of 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.

Government subsidies related to the daily activities of the enterprise shall be included in other income or offset the relevant costs in accordance with the essence of the economic business. Government subsidies not related to the daily activities of the enterprise shall be included in the non-operating income and expenditure.

26. 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 that it is probable that future taxable profits will be available against which the deductible losses can be utilized. For temporary difference arising from initial recognition of goodwill, no corresponding deferred income tax liabilities will be recognized. For temporary difference arising from initial recognition of assets and liabilities occurred in the transaction related to non business combination which neither affect accounting profit nor assessable income (or deductible losses), no corresponding deferred income tax assets and deferred income tax liabilities will be recognized. As of the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the effective tax rate applicable to the period when recovery of assets or settlement of liabilities occur.

The Company recognizes deferred income tax assets to the extent of future assessable income tax which is likely to be obtained to offset deductible temporary difference, deductible losses and tax credits.

27. 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

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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.

28. 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.

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.

29. Segment information

Business segment was the major reporting form of the Company, which divided into 5 parts: air-conditioner, refrigerator and freezer, marketing, Small household appliances 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.

30. 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

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delivered under fixed proportion, and estimates the realizable net value of inventories by reference to the projected selling price of similar inventories less sales expenses and related taxes on a regular basis, so as to evaluate the rationality of the provision 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 cannot 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 (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) Projected 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.

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Taking into account the various uncertainties during the ten years, the Company considers no discount factor of such projected liabilities. Instead, 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.

31. Other comprehensive income

Other comprehensive income represents various gains and losses not recognized in current gains and losses according to other accounting rules.

Other comprehensive income items shall be reported in the following two classes under other relevant accounting rules:

(1) Other comprehensive income items that cannot be reclassified into gains and losses in future accounting periods, mainly including changes arising from re-measurement of net liabilities or net assets under defined benefit plan and interest in investee's other comprehensive income which are measured under equity method and which cannot be reclassified into gains and losses in future accounting periods;

(2) Other comprehensive income items that will be reclassified into gains and losses in future accounting periods upon satisfaction of required conditions, mainly including interest in investee's other comprehensive income which are measured under equity method and which will be reclassified into gains and losses in future accounting periods upon satisfaction of required conditions, gains or losses arising from change of fair value of available-for-sale financial assets, gains or losses arising from reclassification of held-to-maturity investment into available-for-sale financial assets, gains or losses occurred by cash flow hedging instruments attributable to effective hedge, foreign currency financial statement translation difference, etc.

32. Change of significant accounting policies and accounting estimates

(1) Change of significant accounting policies

The Company had no change of significant accounting policies in the period.

(2) Change of significant accounting estimates

The Company had no change of significant accounting estimates in the period.

V. Taxation

(I) Major taxes (expenses) and tax (expense) rates

Tax(expenses)	Tax base	Tax rate
VAT	Income from sales of goods and from processing	17%、13%、6%、5%
Urban maintenance and construction tax	Turnover tax	5% or 7%
Education surcharge	Turnover tax	3%
Local education surcharge	Turnover tax	2%

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Tax(expenses)	Tax base	Tax rate
Corporate income tax	Taxable income	15% or 25%
House Property Tax	Original Book value of house property \times (1-30%) or annual rent income	1.2% or 12%
Land use tax	Actual land area used	RMB 2.5/M ² to RMB 15/M ²

2. Preferential tax and approval documents

The Company and its subsidiary Zhongke Meiling Cryogenics Technology Limited Company were recognized as second Hi-Tech Enterprise for year of 2014 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 22 January 2015, being recognized by “Name Lists of First Hi-Tech Enterprise for year of 2014 in Anhui Province”[WGQR(2014) No. 37] from Anhui Science & Technology Department, the Company and 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 Electric 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 10 October 2014, being recognized by “Name Lists of Second Hi-Tech Enterprise for year of 2014 in Guangdong Province”[YKGS(2014) No.15] 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.

The subsidiary Sichuan Changhong Air Conditioning Co., Ltd. has passed the review for high-tech enterprise certification on December 8, 2016, which is valid for three years. After passing the filing and auditing of tax bureau, the company will only pay the corporate income tax by 15% of the tax rate.

Subsidiary Mianyang Meiling Software Technology Co., Ltd. pass the software enterprise certificate on 27 June 2014, and obtained the Software Enterprise Certification [Chuan No.:R-2014-0072]. Calculating the promotion period since the year of profit-making, the 1st year to 2nd year, the income tax shall be exempted, levy income tax based on half of the statutory rates from the 3rd year to 5th year, and enjoy the preferential till expired.

Subsidiary Mianyang Meiling Software Technology Co., Ltd. pass the software enterprise certificate on 27 June 2014, and obtained the Software Enterprise Certification [Chuan No.:R-2014-0072]. Calculating the promotion period since the year of profit-making, the 1st year to 2nd year, the income tax shall be exempted, levy income tax based on half of the statutory rates from the 3rd year to 5th year, and enjoy the preferential till expired.

Subsidiary Guangdong Changhong Ridian Technology Co., Ltd. obtained a High-Tech Enterprise certificates on 9 December 2016 with three-year valid, and the enterprise enjoys 15% favorable income

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tax for the national high-tech enterprise

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 Jan. 1, 2017, “period-end” refers to June 30, 2017, “the period” refers to Jan. 1 to June 30, 2017, “the last period” refers to Jan. 1 to June 30, 2016, the currency is RMB.

1. Monetary fund

Item	Balance at period-end	Balance at year-begin
Cash	83,233.09	94,415.53
Bank deposit	4,349,072,332.23	3,827,367,022.13
Other Monetary fund	569,030,082.45	231,407,796.97
Total	4,918,185,647.77	4,058,869,234.63
Including: total amount deposited in overseas	11,786,986.88	19,067,202.50

Other monetary fund:

Item	Amount at period-end
Deposits	528,902,400.86
Account of foreign currency for verification	34,005,529.84
Union Pay online	4,456,393.66
Taobao account	1,665,758.09
Total	569,030,082.45

Among the other monetary fund, the cash deposit (with over three months restriction) and account of third payment platform are not considered as the cash and cash equivalent, which amounting to 108,727,129.38 Yuan in total.

According to the national policies relating to foreign exchange management, all goods payment denominated in foreign currency should be transferred to reviewing accounts which may not be used temporarily. Upon approval of such review, those payments may be transferred to general accounts. Due to the relatively short time for reviewing foreign exchange, balance of the reviewing accounts is not limited on utilization.

2. Financial assets measured at fair value and whose changes are recorded in the profits and losses of the current period

Item	Balance at period-end	Balance at year-begin
Derivative financial assets	10,813,272.50	12,060,213.30

Derivative financial assets refer to the RMB forward exchange fund in the period.

3. Notes receivable

(1) Category of notes receivable

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Item	Balance at period-end	Balance at year-begin
Bank acceptance bill	2,314,320,720.47	1,096,452,069.60
Commercial acceptance bill	197,394,708.94	324,977,654.13
Total	2,511,715,429.41	1,421,429,723.73

(2) Notes receivable mortgaged by end of the year

Item	Amount mortgaged by end of the period
Bank acceptance	586,118,629.32

Note: in order to improve the utilization rate of notes, the Company pledged to banks those notes that haven't expired yet in exchange for issuance of banking acceptance drafts.

(3) Note receivables endorsement or discount at year-end and are not expired on balance sheet date

Item	Termination confirmation amount at period-end	No termination confirmation amount at period-end
Bank acceptance bill	2,235,142,755.76	
Commercial acceptance bill	242,420,369.40	
Total	2,477,563,125.16	

(4) Notes transfer to account receivable due to the failure implementation from drawer at year-end:
Nil

4 Accounts receivable

(1) Account receivable by category

Category	Amount at period-end				
	Book balance		Bad debt provision		Book value
	Amount	Percent age	Amount	Percent age	
Significant account receivable and withdrawal bad debt provision single					
Account receivable withdrawal bad debt provision by combination					
Combination 1	1,425,699,322.29	66.91%	73,041,490.89	5.12%	1,352,657,831.40
Combination 2	690,888,200.94	32.42%	-	-	690,888,200.94
Subtotal of combination	2,116,587,523.23	99.33%	73,041,490.89	3.45%	2,043,546,032.34
Account receivable with single minor amount but withdrawal bad debt provision singly	14,236,410.51	0.67%	9,449,901.74	66.38%	4,786,508.77
Total	2,130,823,933.74	100.00%	82,491,392.63	3.87%	2,048,332,541.11

(Continued)

Category	Amount at year-begin		
	Book balance	Bad debt provision	Book value

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	Amount	Percent age	Amount	Percent age	
Significant account receivable and withdrawal bad debt provision single					
Account receivable withdrawal bad debt provision by combination					
Combination 1	834,543,507.58	71.22%	43,843,529.45	5.25%	790,699,978.13
Combination 2	323,321,432.79	27.59%		0.00%	323,321,432.79
Subtotal of combination	1,157,864,940.37	98.81%	43,843,529.45	3.79%	1,114,021,410.92
Account receivable with single minor amount but withdrawal bad debt provision singly	13,898,468.17	1.19%	8,959,326.60	64.46%	4,939,141.57
Total	1,171,763,408.54	100.00%	52,802,856.05	45.1%	1,118,960,552.49

1) No account receivable with single major amount but withdrawal bad debt provision singly at period-end.

2) Account receivable with withdrawal bad debt provision for combination 1 by aging account

Age	Balance at period-end		
	Account receivable	Bad debt provision	Provision proportion
Within 1 year	1,415,374,510.68	70,768,725.53	5.00%
1-2 years	7,781,228.46	1,167,184.27	15.00%
2-3 years	2,003,415.01	701,195.25	35.00%
3-4 years	250,015.02	137,508.26	55.00%
4-5 years	155,170.28	131,894.74	85.00%
Over 5 years	134,982.84	134,982.84	100.00%
Total	1,425,699,322.29	73,041,490.89	

3) Account receivable with no withdrawal bad debt provision for combination 2

Combination	Book balance
Account connect with related parties	574,882,713.94
Letter of Credit	116,005,487.00
Total	690,888,200.94

4) Account receivable with single minor amount but withdrawal bad debt provision singly, refers to the minor single receivables, and withdrawal bad debt provision by combination shows no risk characteristic of the receivables, 11 clients involved.

(2) Bad debt reserve provided for, reversed (or recovered) during this period

New accrual bad debts in the period amounting to RMB 29,688,536.58, no trade receivables written-off in previous year were recovered.

(3) No account receivable actually written-off in the period.

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(4) In the period, top five receivables collected by arrears party amounting to RMB 857,662,386.81 in total, accounted for 40.25% of the receivables at balance of the period-end, the bad debt provision accrual correspondingly amounting to RMB 16,602,557.02 at period-end balance.

5. Accounts paid in advance

(1) Age of account paid in advance

Item	Amount at period-end		Amount at year-begin	
	Amount	Percentage	Amount	Percentage
Within 1 year	286,492,615.39	98.85%	131,113,656.82	97.33%
1—2 years	2,764,333.17	0.95%	2,983,725.64	2.22%
2—3 years	186,787.65	0.06%	487,258.38	0.36%
Over 3 years	392,324.70	0.14%	121,847.54	0.09%
Total	289,836,060.91	100.00%	134,706,488.38	100.00%

(2) Top 5 of account paid in advance in balance at period-end amounting to RMB 201,885,181.30, accounted for 69.65% of the account.

6. Interest receivable

Item	Balance at period-end	Balance at year-begin
Deposit interest receivable	3,229,356.48	2,645,494.32

7. Other accounts receivable

(1) Category of other account receivable

Category	Amount at period-end				
	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percent age	
Significant other account receivable and withdrawal bad debt provision single					
Other account receivable withdrawal bad debt provision by combination					
Combination 1	11,062,149.18	15.54%	2,360,977.37	21.34%	8,701,171.81
Combination 2	59,836,339.63	84.08%	-	-	59,836,339.63
Subtotal of combination	70,898,488.81	99.62%	2,360,977.37	3.33%	68,537,511.44
Other account receivable with single minor amount but withdrawal bad debt provision singly	267,932.63	0.38%	267,932.63	100.00 %	-
Total	71,166,421.44	100.00%	2,628,910.00	3.69%	68,537,511.44

(Continued)

(Continued)					
Category	Amount at year-begin				Book value
	Book balance		Bad debt provision		
	Amount	Percent age	Amount	Percent age	
Significant other account receivable and					

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Unless stated, wise specified, items for record in the statement

Category	Amount at year-begin				Bookvalue
	Book balance		Bad debt provision		
	Amount	Percent age	Amount	Percent age	
withdrawal bad debt provision single					
Other account receivable withdrawal bad debt provision by combination					
Combination 1	8,798,418.31	20.99%	2,091,596.95	23.77%	6,706,821.36
Combination 2	32,347,098.08	77.18%			32,347,098.08
Subtotal of combination	41,145,516.39	98.17%	2,091,596.95	5.08%	39,053,919.44
Other account receivable with single minor amount but withdrawal bad debt provision singly	767,932.63	1.83%	267,932.63	34.89%	500,000.00
Total	41,913,449.02	100.00 %	2,359,529.58	5.63%	39,553,919.44

1) No significant other account receivable and no withdrawal bad debt provision single at period-end.

2) Other account receivable with withdrawal bad debt provision for combination 1 by aging account

Age	Balance at period-end		
	Account receivable	Bad debt provision	Provision proportion
Within 1 year	7,661,808.58	383,090.43	5.00%
1-2 years	706,540.60	105,981.09	15.00%
2-3 years	969,067.92	339,173.77	35.00%
3-4 years	180,000.00	99,000.00	55.00%
4-5 years	740,000.00	629,000.00	85.00%
Over 5 years	804,732.08	804,732.08	100.00%
Total	11,062,149.18	2,360,977.37	

3) Other account receivable with no withdrawal bad debt provision for combination 2

Combination	Book balance
Contact with related party	200,000.00
Employee's reserve loans	29,892,444.67
Export rebate	29,743,894.96
Total	59,836,339.63

4) The other account receivable with major amount at period-end and accrual for bad debt provision single refers to the receivable amount of 267,932.63 Yuan from Guangdong Xiongfeng Electric Co., Ltd.

(2) Reversal (or withdraw) of reserve for bad debts in the period

New accrual bad debts in the year amounting to RMB 269,380.42, no trade receivables written-off in previous year were recovered.

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(3) No actual verification of other receivables in the period.

(4) Classification of other accounts receivable according to the nature of account

Nature	Book balance at period-end	Book balance at year-begin
Employee's reserve loans	29,892,444.67	18,784,317.17
Non-consolidated related party	200,000.00	12,870,014.08
Deposit	7,990,509.82	8,062,507.62
Advance money temporary	267,932.63	1,413,879.45
Export rebate	29,743,894.96	159,982.87
Other	3,071,639.36	622,747.83
Total	71,166,421.44	41,913,449.02

(5) Top 5 other receivables collected by arrears party at balance of period-end:

Name	Nature of account	Balance at period-end	Bookage	Proportion in total other receivables at period-end	Bad Balance at period-end of debt provision
State Administration of Taxation of Hefei Economic & Technological Development Zone	Export rebate	29,358,965.71	Within 1 year	41.25%	
Fei Ming	Employees deposit	4,293,600.00	Within 1 year	6.03%	
Nanjing Customs of PRC	Cash deposit	1,775,972.11	Within 1 year	2.50%	88,798.61
Li Miao	Employees deposit	1,090,329.05	Within 1 year	1.53%	
Beijing Tongzhou New Rural Construction Service Center	Guarantee money	1,000,000.00	Within 1 year	1.41%	50,000.00
Total		37,518,866.87		52.72%	138,798.61

(6) No other account receivable involved government subsidies at period-end.

(7) No other receivables terminated reorganization due to the transfer of financial assets at period-end.

(8) No assets and liability transfer other receivables and continues to involve at period-end.

8. Inventories

(1) Classification of inventories

Item	Amount at period-end		
	Bookbalance	Impairment provision	Book value
Raw materials	322,314,685.16	2,144,408.97	320,170,276.19
Stock commodities	1,825,782,218.57	79,589,804.12	1,746,192,414.45
Low value consumable articles	12,545,529.30	-	12,545,529.30
Goods in transit	426,481,411.06	8,326,761.05	418,154,650.01

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Item	Amount at period-end		
	Book balance	Impairment provision	Book value
Goods-in-process	41,023,888.17	-	41,023,888.17
Deferred expense for moulds	44,451,856.35	-	44,451,856.35
Total	2,672,599,588.61	90,060,974.14	2,582,538,614.47

(Continues)

Item	Amount at year-begin		
	Book balance	Impairment provision	Book value
Raw materials	239,470,144.24	2,133,956.27	237,336,187.97
Stock commodities	1,477,211,122.85	71,224,130.62	1,405,986,992.23
Low value consumable articles	11,908,736.75	-	11,908,736.75
Goods in transit	245,587,568.44	2,700,789.83	242,886,778.61
Goods-in-process	31,950,329.21	-	31,950,329.21
Deferred expense for moulds	44,457,710.09	-	44,457,710.09
Total	2,050,585,611.58	76,058,876.72	1,974,526,734.86

(2) Inventory falling price reserves

Item	Amount at year-begin	Increased in the period	Decreased in the period		Amount at period-end
			Switch-back	Other switch-out	
Raw materials	2,133,956.27	10,447.01			2,144,403.28
Stock commodities	71,224,130.62	9,586,178.63		1,220,499.44	79,589,809.81
Goods in transit	2,700,789.83	5,795,290.81		169,319.59	8,326,761.05
Total	76,058,876.72	15,391,916.45		1,389,819.03	90,060,974.14

(3) Provision for inventories

Item	Specific basis for determining of net realizable value	Reasons for the Switch-back or conversion in the period
Raw materials	Cost is higher than net realizable value (The processed products are decline)	
Stock commodities	Cost is higher than net realizable value (The market price at period-end fell)	
Goods in transit	Cost is higher than net realizable value (The market price at period-end fell)	
Goods in process	Cost is higher than net realizable value (The processed products are decline)	

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9. Non-current assets due within one year

Item	Balance at period-end	Balance at year-begin	Nature
Time deposits due within one year	46,133,664.00	12,625,340.00	Reclassification of time deposit

Note: This project is the three-year term fixed deposit that the subsidiary Zhongshan Changhong has deposited at Guangdong Development Bank Zhongshan Branch for getting the bank's long-term loan. The deposit amount is US \$ 6,810,000.00 dollars, will expire in 2017 and reclassify to this project.

10. Other current assets

Item	Balance at period-end	Balance at year-begin	Nature
Financial products	1,767,200,000.00	1,385,200,000.00	Bank financial products
Value-added tax to be deducted	86,050,824.57	56,525,274.99	Reclassify of value-added tax to be deducted
Advance payment of income tax	11,124,666.91	12,357,316.25	Reclassify of advance payment of income tax
Advance payment of taxes and surcharges	3,307,780.55	263,706.18	Re-classify the prepaid construction tax and education surcharge
Total	1,867,683,272.03	1,454,346,297.42	

11. Finance asset available for sales

(1) Finance asset available for sales

Item	Balance at period-end			Balance at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Equity instrument available for sales	31,000,000.00		31,000,000.00	17,000,000.00		17,000,000.00
Including: measured by cost	31,000,000.00		31,000,000.00	17,000,000.00		17,000,000.00
Total	31,000,000.00		31,000,000.00	17,000,000.00		17,000,000.00

(2) Finance asset available for sales measured by cost at period-end

Invested Unit	Year-begin	Increase in the period	Decrease in the period	Period-end	Holding proportion in invested unit	Cash dividend for the period
Huishang Bank Co., Ltd.	5,000,000.00			5,000,000.00	0.0972%	-
Sichuan Hongyun New Investment Fund	12,000,000.00	14,000,000.00		26,000,000.00	16.00%	
Total	17,000,000.00	14,000,000.00		31,000,000.00		-

(3) No impairment reserve of finance asset available for sales at period-end.

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12. Long-term equity investment

Invested Unit	Balance at year-begin	Change in the period								Balance at period-end	Impairment reserve balance at period-end
		Additional investment	Disinvestment	Investment profit and loss confirmed by equity method	Other comprehensive income adjustment	Other changes of equity	Declaration of cash dividends or profits	Provision for impairment	Other		
Associated companies											
1. ChanghongRuba Electric Company(Private)Ltd.	29,314,674.36			720,850.57	-921,916.41					29,113,608.52	
2. Hefei Xingmei Assets Management Co., Ltd.	12,394,800.39			-512,602.26						11,882,198.13	
3. Sichuan Zhiyijia Network Technology Co., Ltd.	9,380,373.67			-2,236,489.97						7,143,883.70	
4. Hengyuan Dineng Rebao Technology Company Limited	22,771,065.45			-41,337.05						22,729,728.40	
5. Sichuan Tianyou Guigu Technology Co., Ltd.	7,782,717.50			971,714.68						8,754,432.18	
6. Chengdu Guigu Environment Technology Co., Ltd.		12,500,000.00		-1,876,105.23						10,623,894.77	
Total	81,643,631.37	12,500,000.00		-2,973,969.26	-921,916.41					90,247,745.70	

Note: Chengdu Guigu Environment Technology Co., Ltd. established on 22 May 2013, and according to the equity transfer agreement and supplementary agreement signed between the Sichuan Changhong Air-conditioner Co., Ltd. and Sichuan Tianyou Guigu Technology Co., Ltd. dated 31 December 2016, the 25% equity of Chengdu Guigu Environment Technology Co., Ltd. are acquired by the Company with 12.5 million Yuan contributed on 31 March 2017

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13. Investment properties

(1) Investment properties measured at costs

Item	Houses and buildings	Land use rights	Total
I. Original book value			
1. Balance at year-begin	23,142,172.83	916,691.38	24,058,864.21
2. Increased in the period			
3. Decreased in the period			
4. Balance at period-end	23,142,172.83	916,691.38	24,058,864.21
II. Accumulated depreciation and accumulated amortization			
1. Balance at year-begin	10,328,434.76	454,798.05	10,783,232.81
2. Increased in the period	385,106.79	19,184.28	404,291.07
(1) provision or amortization	385,106.79	19,184.28	404,291.07
3. Decreased in the period			
4. Balance at period-end	10,713,541.55	473,982.33	11,187,523.88
III. Provision for impairment			
IV. Book value			
1. Book value at period-end	12,428,631.28	442,709.05	12,871,340.33
2. Book value at year-begin	12,813,738.07	461,893.33	13,275,631.40

(2) No investment real estate measured by fair value at period-end.

(3) No particular about mortgage of investment property at period-end.

(4) No investment real estate having not completed the property right certificate at period-end.

14. Fixed assets

(1) Details of fixed assets

Item	Houses and buildings	Mechanical equipment	Transport equipment	Others equipment	Total
I. Original book value					
1. Balance at year-begin	904,218,907.77	985,418,849.90	24,269,870.93	173,600,487.55	2,087,508,116.15
2. Increased in the period	11,505,120.83	65,881,249.60	2,414,923.37	14,454,768.32	94,256,062.12
(1) Purchase	1,017,777.70	23,488,521.06	1,752,055.74	4,005,376.97	30,263,731.47
(2) Construction in progress transfer-in	10,487,343.13	42,392,728.54	662,867.63	10,449,391.35	63,992,330.65
(3) Inventory transfer-in					-
(4) Increase in exchange rate fluctuation					-
3. Decreased in the period	2,311,532.81	53,784,188.91	1,035,550.14	22,819,027.46	79,950,299.32
(1) dispose or retirement	2,311,532.81	46,099,647.91	1,035,550.14	22,819,027.46	72,265,758.32
(2) Construction in progress	-	7,684,541.00	-	-	7,684,541.00

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Item	Houses and buildings	Mechanical equipment	Transport equipment	Others equipment	Total
transfer-in					
(3) other decrease	-	-	-	-	-
4 Balance at period-end	913,412,495.79	997,515,910.59	25,649,244.16	165,236,228.41	2,101,813,878.95
II Accumulated depreciation					-
1 Balance at year-begin	181,544,269.20	605,064,394.99	15,989,039.94	79,008,738.98	881,606,443.11
2 Increased in the period	14,967,319.56	40,878,868.73	893,212.38	7,814,416.44	64,553,817.11
(1) provision	14,967,319.56	40,878,868.73	893,212.38	7,814,416.44	64,553,817.11
3 Decreased in the period	417,225.55	40,937,661.52	990,798.74	18,350,809.90	60,696,495.71
(1) dispose or retirement	417,225.55	39,381,369.90	990,798.74	18,350,809.90	59,140,204.09
(2) Construction in progress transfer-in	-	1,556,291.62	-	-	1,556,291.62
(3) other decrease	-	-	-	-	-
4 Balance at period-end	196,094,363.21	605,005,602.20	15,891,453.58	68,472,345.52	885,463,764.51
III Provision for impairment					-
1 Balance at year-begin	-	1,601,411.95	7,403.67	199,687.70	1,808,503.32
2 Increased in the period					-
3 Decreased in the period					-
(1) dispose or retirement					-
4 Balance at period-end	-	1,601,411.95	7,403.67	199,687.70	1,808,503.32
IV Book value					-
1 Book value at period-end	717,318,132.58	390,908,896.44	9,750,386.91	96,564,195.19	1,214,541,611.12
2 Book value at year-begin	722,674,638.57	378,753,042.96	8,273,427.32	94,392,060.87	1,204,093,169.72

The new fixed assets in the period mainly due to the transfer-in of construction in progress, and disposal of fixed assets in the period makes the decrease of fixed assets

(2) No fixed assets temporary idle at period-end.

(3) No fixed assets for collateral at period-end.

(4) No fixed assets leased through operating lease at period-end.

(5) No fixed assets leased through operating lease at period-end.

Items	Original book value	Accumulated depreciation	Depreciation provision	Net book value
Mechanical equipment	1,750,124.70	212,108.29	-	1,538,016.41
Transport equipment	197,640.00	187,758.00	-	9,882.00
Building construction	32,626,483.29	7,399,519.29	-	25,226,964.00
Others equipment	15,214,412.00	2,097,531.77	-	13,116,880.23

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Total	49,788,659.99	9896,917.35	-	39,891,742.64
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(6) Fixed assets without property certificate

Item	Book value	Reason of not complete the property certificate
II canteen of living area	25,910,795.15	In procedure
6# building for cadremen	8,930,447.86	In procedure
7# building for cadremen	8,215,215.45	In procedure
4# makeshift shelter (dormitory building transfer to capital)	6,651,069.97	In procedure
3# makeshift shelter	5,689,907.18	In procedure
8# makeshift shelter	5,178,824.74	In procedure
5# makeshift shelter	5,140,247.60	In procedure
Canteen	2,716,313.94	In procedure
Total	68,432,821.89	

(7) No fixed assets ready for sale at period-end.

15. Construction in progress

(1) Details of construction in progress

Item	Amount at period-end			Amount at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Relocation and capacity expansion project of Zhongke Meiling	83,304,597.68		83,304,597.68	60,889,270.95		60,889,270.95
Construction of intelligent manufacturing	23,126,522.82		23,126,522.82	12,785,053.55		12,785,053.55
Leasing project in college	7,072,430.40		7,072,430.40	5,631,371.46		5,631,371.46
Reform of the box shell molding in Jiangxi	4,654,700.80		4,654,700.80			
Equipments pending for installation	4,278,102.62		4,278,102.62	3,490,730.72		3,490,730.72
Production reform of J line big refrigeration	3,190,119.66		3,190,119.66			
28 station box foam line	3,072,649.63		3,072,649.63			
Jiangmei door foam line	2,256,410.28		2,256,410.28			
Door shell molding extruder of Jiangxi Meiling	1,897,435.90		1,897,435.90			
Reform of line R290	1,769,230.77		1,769,230.77	4,031,885.46		4,031,885.46
Upgrading and reform of the production line of intelligent refrigerator of Mianyang Meiling	1,496,635.61		1,496,635.61	11,190,008.45		11,190,008.45

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Item	Amount at period-end			Amount at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Construction of the lab test center building and experiment ability	1,051,340.78		1,051,340.78			
Squeeze board line of Jiangxi Meiling	979,843.89		979,843.89	593,777.99		593,777.99
Cold perfusion system of Jiangxi Meiling	773,504.23		773,504.23			
Liner punch line of Jiangxi Meiling	721,794.87		721,794.87			
Domestic web depart. Of Jiangxi Meiling	589,743.59		589,743.59			
Central air conditioning relocation and Capacity Upgrading Project			-	1,124,429.99		1,124,429.99
KA line			-	792,136.75		792,136.75
2nd phase construction of the fitting life zone in new industrial park of Meiling			-	165,000.00		165,000.00
Comprehensive promotion of non shrink tube expander			-	87,220.00		87,220.00
Other miscellaneous items	8,391,347.64		8,391,347.64	6,256,524.63		6,256,524.63
Total	148,626,411.17	-	148,626,411.17	107,037,409.95	-	107,037,409.95

(2) Changes in significant construction in progress

Projects	Book balance at year-begin	Increase during the period	Transfer to fixed assets in the period	Other decrease	Book balance at period-end	Source of funds
Relocation and capacity expansion project of Zhongke Meiling	60,889,270.95	22,453,788.27	38,461.54	-	83,304,597.68	Self-raised
Intelligent manufacturing project	12,785,053.55	17,751,938.34	7,410,469.07	-	23,126,522.82	Raise funds
Upgrading and reform of the production line of intelligent refrigerator of Mianyang Meiling	11,190,008.45	22,846,920.68	32,540,293.52	-	1,496,635.61	Self-raised

(Continued)

Projects	Budget (in 10 thousand Yuan)	Proportion of project investment in budget	Progress	Accumulated amount of interest capitalization	including: interest capitalized amount of the period	Interest capitalization rate of the period
Relocation and capacity expansion project of Zhongke Meiling	16,512.00	96.00%	96.00%			
Intelligent manufacturing project	26,128.00	13.81%	23.00%			

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Upgrading and reform of the production line of intelligent refrigerator of Mianyang Meiling	4,792.00	71.03%	90.00%			
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(3) No depreciation reserves for construction in process at year-end.

16. Disposal of fixed assets

Item	Amount at period-end	Amount at year-begin	Reasons for disposal transferred
Relevant assets disposal for reserved lands	75,846,390.89	75,788,138.47	Relocation for land reserve

Pursuant to the urban planning requirements of the People's Government of Hefei city, Hefei Land Reserve Center plans to purchase and store the land use right of an integrated economic development zone of the Company located at Longgang of Hefei with an area of 103,978.9 sq.m. (Approximately 155.9684 mu, Land Use Right Certificate No.: Dong Guo Yong (2004) Zi No. 0200, the stated use of the land is for industrial purpose). The estimated consideration for purchasing and storage is RMB74.48 million. The land is mainly used for the Company's warehouse, product finishing workshop and the factory of Zhongke Meiling. Pursuant to the purchasing and storage requirements of land use right, the land will be purchased and stored with vacant possession. In April 2013, the Company completed the relocation of occupants of the premises, and the net fixed assets in relation to the land will transfer as disposal, accounting treatment will be conduct in line with relevant rules upon receiving of the relocation compensation.

Pursuant to the urban planning requirements of Hefei Municipal Government and the Government of Feidong county, the land reserve center of Feidong county will purchase and store the land use right of an economic development zone located at Feidong county, Hefei city, which is owned by the Company's subordinate companies, Equator Electric and Equator Home Appliance, respectively, with an area of 19,245.09 sq.m. (Approximately 28.87 mu, Land Use Right Certificate No.: Dong Guo Yong (2008) No. 0366, the stated use of the land is for industrial purpose) and an area of 46,161.9 sq.m. (Approximately 69.24 mu, Land Use Right Certificate No.: Dong Guo Yong (2008) No. 0367, the stated use of the land is for industrial purpose). The total consideration for purchasing and storage is approximately RMB36 million, of which the consideration for the land use right owned by Equator Electric and Equator Home Appliance is approximately RMB10.59 million and RMB25.41 million, respectively. The Company has completed the relocation of occupants of the premises, and the net fixed assets in relation to the land will transfer as disposal, accounting treatment will be conduct in line with relevant rules upon receiving of the relocation compensation.

No impairment of relevant assets disposal for reserved lands at period-end.

17. Intangible assets

(1) According to intangible assets item

Item	Land use right	Trademark special right	Non-patent technology	Other	Total
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Item	Land use right	Trademark special right	Non-patent technology	Other	Total
I. Original book value					
1. Balance at year-begin	613,696,837.62	283,292,439.34	195,407,299.78	161,699.32	1,092,558,276.06
2. Increased in the period	-	-	17,766,418.25	179,245.29	17,945,663.54
(1) purchase	-			179,245.29	179,245.29
(2) Internal research			17,766,418.25		17,766,418.25
3. Decreased in the period	-	-	-	-	-
(1) Disposal					-
(2) other decrease					-
4. Balance period-end	613,696,837.62	283,292,439.34	213,173,718.03	340,944.61	1,110,503,939.60
II. Accumulated depreciation					-
1. Balance at year-begin	116,684,176.11	270,959,304.29	90,912,770.61	32,753.42	478,589,004.43
2. Increased in the period	6,549,112.52	1,941,443.40	18,084,625.99	19,157.36	26,594,339.27
(1) provision	6,549,112.52	1,941,443.40	18,084,625.99	19,157.36	26,594,339.27
3. Decreased in the period					-
(1) other decrease					
4. Balance period-end	123,233,288.63	272,900,747.69	108,997,396.60	51,910.78	505,183,343.70
III. Provision for impairment					-
IV. Book value					-
1. Book value at period-end	490,463,548.99	10,391,691.65	104,176,321.43	289,033.83	605,320,595.90
2. Book value at year-begin	497,012,661.51	12,333,135.05	104,494,529.17	128,945.90	613,969,271.63

(2) As of the end of the period, mortgage of intangible assets is as follows:

Name	Property certificate serials	Area(M ²)	Net book value	Note
Land use right	HGYJCZi No.: 0121	27,120.22	19,827,456.74	

18. Development expense

Item	Balance at year-begin	Increase during the period		Decrease during the period			Balance at period-end
		Internal development expenditure	Other	Included in current profits and losses	Confirmed as intangible assets	Other	
Technology development for Air-conditioner	30,878,434.47	41,688,995.69	-	-	4,534,710.78		68,032,719.38

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Technology development for refrigerator	12,797,092.26	3,915,239.55	-	-	13,231,707.47	3,480,624.34
Other technology development	1,348,223.87	1,099,654.74	-	-	-	2,447,878.61
Total	45,023,750.60	46,703,889.98	-	-	17,766,418.25	73,961,222.33

19. Goodwill

(1) Original value of goodwill

Name of invested unit	Balance at year-begin	Increase during the period		Decrease during the period		Balance at period-end
		Formation from enterprise merger	Other	Formation from enterprise merger	Other	
Hefei Meiling Group Holding Co., Ltd.	3,553,367.77					3,553,367.77
Guangxi Huidian Household Electrics Co., Ltd	5,313,913.50					5,313,913.50
Total	8,867,281.27					8,867,281.27

(2) Impairment provision of goodwill

Name of invested unit	Balance at year-begin	Increase during the period		Decrease during the period		Balance at period-end
		Provision	Other	Provision	Other	
Hefei Meiling Group Holding Co., Ltd.	3,553,367.77					3,553,367.77
Guangxi Huidian Household Electrics Co., Ltd	5,313,913.50					5,313,913.50
Total	8,867,281.27					8,867,281.27

Note: at the period end, the Company conducted impairment test on goodwill, and provided for impairment reserve in connection with the difference between the predicted future cash flow of the investee and the group of assets including the goodwill. The recoverable amount is based on the predicted future cash flow of the investee.

20. Long-term deferred expenses

Item	Balance at year-begin	Increase during the period	Amortization during the period	Other increase during the period	Balance at period-end
Relocation expenses of the intelligent manufacturing plant	1,132,075.48	1,546,289.16	95,258.41	-	2,583,106.23

21. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets without the offset

Item	Balance at period-end		Balance at year-begin	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets

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Item	Balance at period-end		Balance at year-begin	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deferred income tax assets recognized from property depreciation preparation	140,671,711.72	21,466,063.56	107,230,307.69	16,454,229.77
Deferred income tax assets recognized from accrual liability	328,801,716.59	49,320,257.49	331,575,430.79	49,736,314.62
Deferred income tax assets recognized from dismissal welfare	32,119,825.09	4,817,973.76	35,517,365.78	5,327,604.87
Deferred income tax assets recognized from deferred income	68,179,831.33	10,252,327.40	82,260,654.75	12,339,098.21
Deferred income tax assets recognized from ir-reparable losses	1,268,504.84	317,126.21	1,293,875.10	323,468.74
Deferred income tax assets recognized from changes in the fair value	8,881,394.08	1,332,209.11	559,249.58	83,887.44
Total	579,922,983.65	87,505,957.53	558,436,883.69	84,264,603.65

(2) Deferred income tax liabilities without the offset

Item	Balance at period-end		Balance at year-begin	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deferred income tax liabilities recognized from changes in the fair value	10,023,272.50	1,503,490.88	12,060,213.30	1,809,032.00

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

Item	Inter-neutralization at period-end	Ending balance after set-off	Inter-neutralization at year-begin	Opening balance after set-off
Deferred income tax assets		87,505,957.53		84,264,603.65
Deferred income tax liabilities		1,503,490.88		1,809,032.00

(4) Details of unrecognized deferred income tax assets

Item	Balance at period-end	Balance at year-begin
Deductible temporary difference	36,196,248.37	26,140,372.22
Deductible loss	241,612,758.47	373,985,517.42
Total	277,809,006.84	400,125,889.64

22. Other non-current assets

Item	Balance at period-end	Balance at year-begin
Term deposit for pledge	-	34,615,630.00

Note: This project is the three-year term fixed deposit that the subsidiary Zhongshan Changhong has deposited at Guangdong Development Bank Zhongshan Branch for getting the bank's long-term loan. The deposit amount is US \$ 4,990,000 dollars, part will expire in 2017 and reclassify to this project.

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23. Short-term loans

(1) Types of short-term loans

2. Type of loans	Balance at period-end	Balance at year-begin
Loan in pledge	26,500,000.00	26,500,000.00
Loan in credit	1,406,122,701.07	261,843,724.73
Total	1,432,622,701.07	288,343,724.73

New loans in the period:

The Company signed the Agreement on Comprehensive Credit Line of Trade Financing with China Everbright Bank Hefei Branch. Up to June 30, 2017, the financing amount under this service agreement was USD 39,800,000.00, equivalent to RMB 269,621,120.00.

The Company signed the Agreement on Trade Financing Business Service with Agricultural Bank of China Co., Ltd., Hefei Jinzhai Road Sub-branch, up to June 30, 2017, the financing amount under this service agreement was EUR 10,005,959.80, equivalent to RMB 77,542,186.07, and the financing period was from April 1, 2017 to August 22, 2017.

The Company signed the Agreement on Financing Business Cooperation of Export Commercial Invoice with China Construction Bank Co., Ltd., Hefei Luyang Sub-branch, up to June 30, 2017, the financing amount under this service agreement was EUR 10,000,000.00, equivalent to RMB 77,496,000.00.

The Company signed the Agreement on Financing of Export Commercial Invoice with Bank of China Co., Ltd. Hefei Economic Development Zone Branch, up to June 30, 2017, the financing amount under this service agreement was RMB 5,770,000.00, and the financing period was from June 30, 2017 to December 11, 2017.

The Company signed the Agreement on Financing of Export Order with Industrial and Commercial Bank of China Co., Ltd., Hefei Changjiang East Road Sub-branch, up to June 30, 2017, the financing amount under this service agreement was RMB 107,000,000.00.

The Company signed the Contract of Working Capital Loan with Agricultural Bank of China Co., Ltd., Hefei Jinzhai Road Sub-branch, up to June 30, 2017, the financing amount under this service agreement was RMB 50,000,000.00, and the financing period was from June 12, 2017 to June 11, 2018.

The Company signed the Contract of Ren Min Bi Working Capital Loans with China Construction Bank Co., Ltd., Hefei Luyang Sub-branch, up to June 30, 2017, the financing amount under this service agreement was RMB 200,000,000.00, and the financing period was from March 1, 2017 to February 28, 2018.

The Company signed the Contract of Working Capital Loan with Bank of Communications Co., Ltd. Anhui Branch, up to June 30, 2017, the financing amount under this service agreement was RMB

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268,483,395.00.

The Company signed the Trade Credit Financing Letter with United Overseas Bank, Chengdu Branch, up to June 30, 2017, the financing amount under this service agreement was RMB 100,000,000.00, and the financing period was from June 20, 2017 to December 20, 2017.

The Company signed the Agreement on Trade Financing with China Minsheng Bank, Hefei Branch, up to June 30, 2017, the financing amount under this service agreement was RMB 195,000,000.00.

The subsidiary Zhongke Meiling signed the Contract of Working Capital Loan with Bank of China, Anhui Branch on June 26, 2017, the loan amount on the contract was RMB 9,200,000.00 and the loan term was from June 27, 2017 to June 26, 2018, the loan adopted floating interest rate, every 12 months was a floating cycle; the interest rate was the average interest rate floating by 92 base points based on the loan prime rate of one working day before the actual withdrawal date published by National Interbank Funding Center.

On March 29, 2021, Zhongshan Changhong Company applied for the financing of EUR 5,500,000.00 to China Construction Bank Co., Ltd. Zhongshan Branch by export commodity financing, equivalent to RMB 42,622,800.00, the financing interest rate was 1.4%, and the financing period was from March 29, 2017 to September 22, 2017.

On June 30, 2017, the subsidiary Zhongshan Changhong Company applied for the financing of USD 500,000.00 to Huaxia Bank Co., Ltd. Zhongshan Branch by export commodity financing, equivalent to RMB 3,387,200.00, the financing interest rate was 2.9%, and the financing period was from June 30, 2017 to July 28, 2017.

On September 13, 2016, the subsidiary Zhongshan Changhong Company applied for financing of RMB26,500,000.00 from Agricultural Bank of China Co., Ltd., Zhongshan Nantou Sub-branch by export commodity financing, the financing interest rate was 3.15%, and the financing period was from September 13, 2016 to September 8, 2017.

(2) No overdue short term borrowings unredeemed at period-end.

24. Financial liabilities at fair value through gains and losses

Item	Balance at period-end	Balance at year-begin
Derivative financial liabilities	9,671,394.08	559,249.58

25. Notes payable

Type	Balance at period-end	Balance at year-begin
Bank acceptance bill	4,151,427,967.62	2,315,706,781.72
Commercial acceptance bill	422,430,013.95	319,344,958.58
Total	4,573,857,981.57	2,635,051,740.30

Notes expired at period-end without paid.

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26. Account payable

(1) Age of account payable

Item	Balance at period-end	Balance at year-begin
Total	3,168,053,679.32	2,331,899,310.82
Including: over 1 year	68,509,996.79	47,332,805.86

(2) No account payable with over one year book age at period-end.

27. Advance payment

(1) Age of advance payment

Item	Amount at period-end	Amount at year-begin
Total	472,573,801.58	390,935,440.46
Including: over 1 year	18,267,405.69	13,605,202.15

(2) No major account received in advance with over one year age at period-end

28. Wages payable

(1) Types of wages payable

Item	Balance at year-begin	Increase in this period	Decrease in this period	Balance at period-end
Short-term compensation	178,822,854.81	583,841,841.44	677,554,930.79	85,109,765.46
After-service welfare- defined contribution plans	4,948,222.26	47,830,929.91	38,416,264.80	14,362,887.37
Dismiss welfare	5,820,961.93	1,652,300.02	3,414,853.22	4,058,408.73
Total	189,592,039.00	633,325,071.37	719,386,048.81	103,531,061.56

(2) Short-term compensation

Item	Balance at year-begin	Increase in this period	Decrease in this period	Balance at period-end
Wages, bonuses, allowances and subsidies	146,971,903.13	519,315,260.52	589,643,902.20	76,643,261.45
Welfare for workers and staff	100,340.00	19,747,658.74	19,740,043.13	107,955.61
Social insurance	2,498,982.71	20,788,123.40	20,539,250.66	2,747,855.45
Including: Medical insurance	2,345,425.78	17,580,484.43	17,548,178.68	2,377,731.53
Work injury insurance	47,092.65	1,618,690.35	1,577,678.15	88,104.85
Maternity insurance	106,464.28	1,588,948.62	1,413,393.83	282,019.07
Housing accumulation fund	3,326,804.54	22,868,732.94	22,374,622.48	3,820,915.00
Labor union expenditure and personnel education expense	1,742,673.51	1,122,065.84	1,074,961.40	1,789,777.95
Short-term profit sharing plan	24,182,150.92	-	24,182,150.92	-
Total	178,822,854.81	604,629,964.84	698,094,181.45	87,857,620.91

(3) Defined contribution plans

Item	Balance at year-begin	Increase in this period	Decrease in this period	Balance at period-end
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Item	Balance at year-begin	Increase in this period	Decrease in this period	Balance at period-end
Basic endowment insurance	3,867,272.79	45,384,484.37	36,077,525.26	13,174,231.90
Unemployment insurance	1,080,949.47	2,446,445.54	2,338,739.54	1,188,655.47
Total	4,948,222.26	47,830,929.91	38,416,264.80	14,362,887.37

29. Tax payable

Item	Balance at period-end	Balance at year-begin
Value-added tax	39,161,576.95	19,079,499.27
Enterprise income tax	2,902,240.90	3,423,898.42
Individual income tax	7,340,175.56	3,205,739.98
Urban maintenance and construction tax	2,726,475.63	3,302,546.79
House property tax	5,010,184.86	5,593,587.71
Land-use right tax	4,603,515.26	4,802,263.59
Educational surtax	1,964,898.41	2,428,555.60
Stamp tax	904,624.34	2,944,485.06
Construction fund of Water Conservancy Projects	621,024.81	745,069.75
Treatment fund for abandon electric & electronics products	18,173,836.00	12,328,067.00
Other	1,968,457.01	1,995,318.96
Total	85,377,009.73	59,849,032.13

30. Interest payable

(1) Classification of interest payable

Item	Balance at period-end	Balance at year-begin
Interest on long-term loans for repayment of principal of installment maturity	708,602.61	1,617,352.01

(2) No significant overdue and unpaid interest at period-end.

31. Dividends payable

Item	Balance at period-end	Balance at year-begin
Sichuan Changhong Electric Co., Ltd.	14,082,358.08	-
City insurance company	450,504.45	376,729.65
Hefei Branch of BOC	225,252.20	188,364.80
Hefei collective industry association	225,251.86	188,364.52
Entrust Investment Wuhu of Provincial ABC	180,201.78	150,691.86
BOC-Fullgoal Tianyi Securities Investment Fund	153,697.50	153,697.50
Other piecemeal units	1,655,457.01	1,487,952.90
Total	16,972,722.88	2,545,801.23

Note: Balance at period-end refers to the common dividends that not receiving by shareholders.

32. Other payable

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(1) Classification of other payable according to nature of account

Nature of account	Balance at period-end	Balance at year-begin
1.Accrued expenses(expenses occurred without reimbursed)	635,158,520.52	479,907,162.28
2. receivables received temporary and deducted temporary	13,736,245.44	7,725,476.68
3.deposit, margin	94,875,963.37	88,308,204.63
4.not the come-and-go with related parties in statement scope	28,054,566.50	12,959,890.54
5.other	40,945,232.23	33,679,589.30
Total	812,770,528.06	622,580,323.43

(2) Other significant payables aging over one year as at the period-end mainly refers to the procurement deposit.

33. Non-current liability due within one year

(1) Classification of non-current liability due within one year

Item	Balance at period-end	Balance at year-begin
Long term loans due within one year	46,202,065.60	262,486,600.00
Deferred income transfer to gains and losses within one year	13,516,439.17	9,715,990.10
Total	59,718,504.77	272,202,590.10

(2) Deferred income transfer into profit and loss within 1 year

Item of government subsidies	Amount at year-begin	Subsidy increase during this period	Amount reckoned into non-operation revenue in the period	Other changes	Amount at period-end
Demolition compensation of Hefei Meiling	2,425,513.16	1,204,791.70	1,188,519.14	2,409,240.60	Assets-related
Technical reform for Athena Project	4,286,250.00	2,143,125.00	2,143,125.00	4,286,250.00	Assets-related
Freezer project of Hefei Meiling	734,062.52	367,031.25	367,031.21	734,062.48	Assets-related
Promotion of new industrialization (annual output of 0.6 million large and volume environmental protection energy-saving freezer project)	304,412.50	152,206.24	152,206.22	304,412.48	Assets-related
Demolition compensation of Jiangxi Meiling	1,797,880.32	898,940.16	898,940.16	1,797,880.32	Assets-related
Production adaption project of FTXS	167,871.60	1,182,490.85	3,379,600.93	2,364,981.68	Assets-related
Industrialization project of the intelligent energy-saving AC		105,154.63	315,463.91	210,309.28	Assets-related
VISA research and application project		704,651.16	2,113,953.49	1,409,302.33	Assets-related
Total	9,715,990.10	6,758,390.99	10,558,840.06	13,516,439.17	

34. Long-term loans

(1) Classification of long-term loans

Type	Amount at period-end	Amount at year-begin
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Type	Amount at period-end	Amount at year-begin
Loan in pledge	-	34,157,788.00
Loan in mortgage	2,560,000.00	3,200,000.00
Loan in credit	250,900,000.00	1,551,000.00
Total	253,460,000.00	38,908,788.00

(2) Details of long-term loans at year-end

Loan unit	Borrowing day	Returning day	Foreign currency	Interest rate	Amount at period-end (RMB)	Amount at year-begin (RMB)
Zhongshan Branch of China Guangfa Bank ^{Note1}	2015-01-06	2018-01-06	USD	3.20%	-	34,157,788.00
Ministry of Finance of Hefei ^{Note2}	2002-11-21	2017-11-20	RMB	1.80%	-	651,000.00
Ministry of Finance of Hefei ^{Note3}	2004-12-10	2019-12-10	RMB	1.80%	900,000.00	900,000.00
Ministry of Finance of Hefei ^{Note4}	2006-11-9	2021-11-8	RMB	1.80%	2,560,000.00	3,200,000.00
Anhui branch Import and Export Bank ^{Note5}	2017-05-16	2019-05-12	RMB	3.35%	250,000,000.00	-
Total					253,460,000.00	38,908,788.00

Note 1: on 6 January 2015, subsidiary Zhongshan Changhong entered into Middle and Long Term Foreign Currency Borrowing Contract with China Guangfa Bank Zhongshan Branch, which agreed that China Guangfa Bank Zhongshan Branch would provide loans of USD 4,924,000.00 to the Company to finance the joint venture project conducted by Zhongshan Changhong Appliances Co., Ltd and RUBA GENERAL TRADING FZE Company in Pakistan. This borrowing was secured by Zhongshan Changhong with the fixed deposits of USD 86, 000.00 and USD 4, 904,000.00 saved by it in China Guangfa Bank Zhongshan Branch, respectively. And re-classified to non-current liability due within one year in the period

Note 2: on 1 November 2002, the Company entered into the Agreement Relating to Implementing Construction Projects through Lending Treasury Bond Funds with the finance office of Hefei, pursuant to which, the finance office of Hefei lent the treasure bonds or RMB7.16 million related to our “Technology Reform Project in relation to Nanometer Materials for Retaining Freshness” to our Company, with a terms of 15 years. The lent funds have begun to carry interest commencing from the date of appropriation of funds by the finance office of Hefei (namely 21 November 2002), and the Company shall pay the interests to the finance office of Hefei annually on an average basis during the lending period. The first four years of the loan is grace period. The interest rate per annum applicable to the lent funds is floating interest rate since 1999 (for interest rate per annum in respect of each batch of Treasury bond lending capital, it is determined by reference to one-year time deposit rate per annum on value date of the prevailing year as published by the PBOC, plus 0.3 percentage points). And re-classified to non-current liability due within one year in the period

Note 3: It was the special Treasury bond capital appropriated by Ministry of Finance of Hefei for

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enterprises' information reform, received on Dec. 10th, 2004.

Note 4: 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 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 (November 9, 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%). On 1 March 2013, according to the Letter Relating to Ceasing Process of Other Securities in respect of the Properties in Feidong Longgang Industrial Park of Hefei Meiling Co., Ltd. (HCJ(2006)No.85) issued by the finance office of Hefei, Meiling commenced the national purchase of its land parcels in Longgang in compliance with the land planning of Hefei municipal government, which required its properties in Longgang land parcel to be unrestricted. The real estate for mortgage lifted in 2006 of the Company with registration No. HGYJCZ No.0121 which was used as the security for treasury bonds lending capital (details were set out in Note VI-15).

Note 5: On May 12, 2017, the Company signed the Loan Contract (seller's credit on exports) with the Export-Import Bank Anhui Branch, the contract appointed Export-Import Bank Anhui Branch to offer loans of total amount of RMB 250 million to the Company, this loan should be exclusively used in the export of general mechanical and electrical products, the loan period is 2 years, and the interest rate is subject to the interest rate of the seller's credit on exports.

35. Long-term wage payable

Item	Balance at period-end	Balance at year-begin
Dismissal welfare	28,061,416.36	29,696,403.85

According to the internal early retirement policy, the long-term payable dismissal welfare bears by the Company up to end of the period.

36. Account payable special funds

Item	Balance at year-begin	Increase in the period	Decrease in the period	Balance at period-end	Reason
Special fund of technical transformation of Zhongshan	1,400,000.00		420,000.00	980,000.00	Zhongshan Science & Technology Plan

37. Projected liability

Item	Balance at period-end	Balance at year-begin	Reason
Product quality guarantee	11,795,030.15	11,795,030.15	Guarantee of product
Guarantee fund for quality service	317,006,686.44	319,780,400.64	Guarantee of product
Total	328,801,716.59	331,575,430.79	

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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.

38. Deferred income

(1) Classification of deferred income

Item	Amount at period-end	Amount at year-begin
Government subsidies---subsidies of development project	58,560,896.86	67,032,277.62
Government subsidies---subsidies of relocation	64,152,104.28	75,887,284.87
Total	122,713,001.14	142,919,562.49

(2) Government subsidy

Item	Amount at year-begin	New subsidy in the period	Amount reckoned into non-operating income in the period	Other changes	Amount at period-end	Concerned with assets/earnings
Demolition compensation of Hefei Meiling	44,974,521.48			1,188,519.14	43,786,002.34	Assets concerned
Demolition compensation	23,356,008.77		9,647,721.29		13,708,287.48	Assets concerned
Adaptability improvement of the FTXS production (Propane instead of the HCFC-22)	18,751,981.92			3,379,600.93	15,372,380.99	Assets concerned
Special fund of the Athena technical transformation	13,450,312.50			2,143,125.00	11,307,187.50	Assets concerned
VISA research and application project	10,100,000.00			2,113,953.49	7,986,046.51	Assets concerned
Demolition compensation of Jiangxi Meiling	7,556,754.62			898,940.16	6,657,814.46	Assets concerned
Subsidy fund for the new factory of Zhongke Meiling	5,000,000.00				5,000,000.00	Assets concerned
Intelligent white-goods software platform and research and industrialization of typical applications	4,000,000.00				4,000,000.00	Assets concerned
Capital appropriated from the national treasury	2,950,000.00				2,950,000.00	Assets concerned
Development and productization of the CHIQ AC	2,350,000.00				2,350,000.00	Assets concerned
Research and application of frequency conversion control MCU chip	2,300,000.00				2,300,000.00	Assets concerned
Freezer project of Hefei Meiling	2,202,187.45			367,031.21	1,835,156.24	Assets concerned
Special fund of strategy emerging industry and high-end growth industry	2,000,000.00				2,000,000.00	Assets concerned
Industrialization project of the intelligent energy-saving AC	1,700,000.00			315,463.91	1,384,536.09	Assets concerned
Promotion of new industrialization (annual output of 0.6 million large and volume environmental protection energy-saving freezer project)	1,674,268.75			152,206.22	1,522,062.53	Assets concerned

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Item	Amount at year-begin	New subsidy in the period	Amount reckoned into non-operating income in the period	Other changes	Amount at period-end	Concerned with assets/earnings
Design and application of energy saving air conditioning duct	300,000.00				300,000.00	Assets concerned
Subsidy of project development	253,527.00				253,527.00	Assets concerned
Total	142,919,562.49		9,647,721.29	10,558,840.06	122,713,001.14	

Note: other movements of this item are attributable to reclassification of the amount to be amortized over one year to non-current liabilities due within one year.

39. Share capital

Item	Balance at year-begin	Change during the period (+, -)					Balance at period-end
		New shares issued	Bonus share	Shares transferred from capital reserve	Other	Subtotal	
Total shares	1,044,597,881.00						1,044,597,881.00

40. Capital reserve

Item	Amount at year-begin	Increase during the period	Decrease during the period	Amount at period-end
Share premium	2,639,787,797.95	-	2,647,197.88	2,637,140,600.07
Other capital reserve	48,173,262.70	-	-	48,173,262.70
Total	2,687,961,060.65	-	2,647,197.88	2,685,313,862.77

Note: decrease of the share premium mainly because purchasing minority equity from part of the marketing subsidiaries in the period, which is off-setting the capital reserves as 2,647,197.88 Yuan.

41. Other comprehensive income

Item	Balance at year-begin	Account in the period					Balance at period-end
		Account before income tax in the period	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less : income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	
Other comprehensive income re-divided into gains/losses							
Including: conversion difference arising from foreign currency financial statement	3,474,546.95	-3,352,515.41			-2,536,079.62	-816,435.79	938,467.33

42. Surplus reserves

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Item	Amount at year-begin	Increase during the period	Decrease during the period	Amount at period-end
Statutory surplus reserve	275,421,718.17			275,421,718.17
Discretionary surplus reserve	115,607,702.16			115,607,702.16
Total	391,029,420.33			391,029,420.33

43. Retained profit

Item	This period	Last year
Amount at the end of last year	968,097,382.98	817,667,480.44
Add: adjustment from undistributed profit at year-begin		
Including: retroactive adjustment by Accounting Standards for Business Enterprise		
change of accounting policy		
Correction of former material error		
Change of combination scope under common control		
Amount at the beginning of this year	968,097,382.98	817,667,480.44
Add: net profit attributable to shareholders of parent company for this year	92,075,039.77	220,216,680.96
Less: withdraw of statutory surplus reserve		23,962,426.15
withdraw of discretionary surplus reserve		
Withdraw of general risk provision		
Dividend payable for ordinary shares	62,675,872.85	45,824,352.27
Dividend of ordinary shares transferred to share capital		
Amount at the end of this period	997,496,549.90	968,097,382.98

44. Operating income and operating cost

(1) Operating income and operating cost

Item	Amount for this period	Amount for the same period of last year
Main business income	8,133,419,814.85	6,635,243,672.98
Other business income	384,374,378.25	231,387,589.70
Total	8,517,794,193.10	6,866,631,262.68
Main business cost	6,646,020,504.49	5,226,428,116.77
Other business cost	350,205,544.36	206,033,570.33
Total	6,996,226,048.85	5,432,461,687.10

(2) Main business classified according to product

Product	Amount for this period		Amount for the same period of last year	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator, freezer	3,712,357,454.31	3,021,413,721.30	3,511,755,682.66	2,641,347,914.01
Air-condition	3,830,599,287.94	3,157,180,107.27	2,578,582,275.76	2,117,657,552.65
Washing machine	227,162,009.50	177,357,302.38	214,447,675.62	174,849,330.14

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Product	Amount for this period		Amount for the same period of last year	
	Operation income	Operation cost	Operation income	Operation cost
Small appliances and kitchen and toilet	264,195,096.38	229,232,770.78	192,655,423.38	174,011,438.27
Other	99,105,966.72	60,836,602.76	137,802,615.56	118,561,881.70
Total	8,133,419,814.85	6,646,020,504.49	6,635,243,672.98	5,226,428,116.77

(3) Main business classified according to sales region

Region	Amount for this period		Amount for the same period of last year	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	6,013,436,261.57	4,647,630,149.87	4,999,875,111.36	3,763,161,367.63
Overseas	2,119,983,553.28	1,998,390,354.62	1,635,368,561.62	1,463,266,749.14
Total	8,133,419,814.85	6,646,020,504.49	6,635,243,672.98	5,226,428,116.77

Top five clients have income in sales of RMB 3,048,439,744.17 yuan in total, a 35.79% in total operation income.

45. Business tax and extra charges

Item	Amount for this period	Amount for the same period of last year
Business tax	-	354,041.11
City construction tax	8,915,596.60	19,899,317.46
Extra charge for education and local education surcharge	6,645,828.18	14,421,660.64
Real estate tax	5,629,056.96	5,722,192.63
Treatment fund for abandon electrics & electronics	31,420,436.00	27,244,167.00
Land tax	4,976,086.01	5,143,139.80
Stamp duty	4,878,793.95	3,644,166.46
Water fund	3,205,205.83	2,763,018.05
Other	165,016.78	265,878.11
Total	65,836,020.31	79,457,581.26

According to the finance and accounting of the Ministry of Finance No. [2016] 22 “About Printing the Notice of Accounting Treatment Provisions for Value Added Tax”, after the overall trial implementation of business tax changing to value-added tax, the title of "business tax and surcharges" changes to “taxes and surcharges”, this account is used to calculate the consumption tax, city maintenance and construction tax, resource tax, education surcharge and property tax, land use tax, travel tax, stamp tax and other related taxes occurred in business operations. The company adjusts property tax, land tax, stamp tax, water conservancy funds and other taxes and fees to the taxes and additional subject accounting accordingly, relevant items are re-state in administrative expenses of last period

46. Sales expense

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Item	Amount for this period	Amount for the same period of last year
Market support	147,028,679.89	267,473,422.40
Wages and surcharges, social security	236,131,802.33	236,101,636.65
Transport expenses	294,108,877.21	207,605,016.03
Air conditioner installation fee	178,757,254.42	120,680,390.00
National three guarantees expense	119,131,144.08	82,896,108.22
Storage lease expenses	54,395,016.56	51,149,832.06
Advertisement expenses	30,738,929.11	29,181,669.39
Travelling expenses	19,520,650.45	14,924,457.13
Operation activities expenses	10,205,202.11	8,087,086.19
Communication expenses	6,278,918.66	6,235,033.36
House-lease expenses	8,851,097.31	5,521,119.25
Vehicle consumption	3,093,351.13	3,604,088.38
Depreciation	3,128,078.94	2,999,300.47
Communication fee	2,912,337.19	2,432,210.13
Exhibition expenses	2,926,713.09	2,267,160.86
Others	22,963,979.60	34,489,220.08
Total	1,140,172,032.08	1,075,647,750.60

47. Administration expense

Item	Amount for this period	Amount for the same period of last year
Salary and social insurance etc.	96,746,046.21	78,371,373.79
Trial fee of R&D	20,069,927.78	19,368,311.75
Amortized intangible assets	26,351,436.68	19,260,530.22
Depreciation	12,215,178.83	10,181,555.80
Inspection and authentication fee	3,236,512.69	4,684,054.78
Domestic travelling fee	3,657,865.58	4,132,225.03
Utilities	5,236,432.59	4,029,484.90
Business activities	2,348,636.48	3,906,395.17
Office charge	3,101,227.29	3,027,548.26
Property insurance	1,947,504.69	1,797,851.23
Others	47,622,322.92	27,205,090.02
Total	222,533,091.74	175,964,420.95

48. Financial expense

Item	Amount for this period	Amount for the same period of last year
Interest expenditure	16,357,573.34	4,108,756.46
Less: Interest income	74,918,215.41	32,356,650.27
Add: exchange loss	12,143,246.92	-18,503,350.12

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procedure charge expenditure	6,631,231.15	10,153,124.33
discount expenditure	6,331,681.33	-3,102,122.56
other expenditure		900.00
Total	-33,454,482.67	-39,699,342.16

49. Loss from Assets depreciation

Item	Amount for this period	Amount for the same period of last year
Bad debt losses	30,101,356.29	33,194,478.64
Provision for falling price of inventory	15,391,916.45	3,392,202.47
Total	45,493,272.74	36,586,681.11

50. Changes in fair value gains/loses

Item	Amount for this period	Amount for the same period of last year
Financial assets measured at fair value and whose movements are included in the profit and loss of the current period	-1,246,940.80	2,340,308.20
Including :Income of fair value changes from derivative financial instruments	-1,246,940.80	2,340,308.20
Financial liabilities measured at fair value and whose movements are included in the profit and loss of the current period	-9,112,144.50	-3,618,878.41
Including :Income of fair value changes from derivative financial instruments	-9,112,144.50	-3,618,878.41
Total	-10,359,085.30	-1,278,570.21

51. Investment income

(1) Sources of investment income

Item	Amount for this period	Amount for the same period of last year
Long-term equity investment income by equity method	-3,226,328.17	-833,210.42
Investment income obtained from disposal of long-term equity investment	2,506.98	-
Investment income obtained from held of finance asset available for sales	19,584,987.35	4,986,301.37
Investment income obtained from disposal of financial assets measured at fair value and whose movements are included in the profit and loss of the current period	7,232,183.50	-
Total	23,593,349.66	4,153,090.95

(2) Long-term equity investment income by equity method

Item	Amount for this period	Amount for the same period of last year	Reason of change of this period than last year
Hefei Xingmei Assets Management Co., Ltd.	-512,602.26	-56,019.64	Changes of net profit of the invested unit
ChanghongRuba Electric Company(Private)Limited	468,491.66	-220,932.04	Changes of net profit of the invested unit and counter

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Item	Amount for this period	Amount for the same period of last year	Reason of change of this period than last year
Sichuan Zhiyijia Network Technology Co., Ltd.	-2,236,489.97	2,322,881.18	current transaction offset
Hongyuan Dineng Rebao Technology Co. Ltd.	-41,337.05	-2,196,252.31	
Sichuan Tianyou Guigu Technology Co., Ltd.	971,714.68	-682,887.61	
Chengdu Guigu Environment Technology Co., Ltd.	-1,876,105.23	-	
Total	-3,226,328.17	-833,210.42	

(3) Investment income obtained from disposal of long-term equity investment

Item	Amount for this period	Amount for the same period of last year
Equity income obtained from disposal of Hefei MeiLing Packing Products Co., Ltd.	2,506.98	-

(4) Investment income obtained from financial assets available for sales

Item	Amount for this period	Amount for the same period of last year
Purchase of bank financial products	19,584,987.35	4,986,301.37
Total	19,584,987.35	4,986,301.37

(5) The investment income from disposal of financial assets at fair value through profit or loss refers to the profit or loss occurred from non-deliverable forward (*NDF*) transaction.

52. Other income

Source of other revenue	Amount for this period	Amount for the same period of last year
Drawback policy of VAT for software products	1,275,937.62	-
Total	1,275,937.62	-

According to the regulations of Accounting Standards for Business Enterprises No. 16 - Government Subsidy (CK No.[2017] 15) issued and revised by the Ministry of Finance in May 2017, since January 1, 2017, the government subsidy related to the daily activities of the enterprise should be included in other income or offset the relevant costs in accordance with the essence of economic business. During the reporting period, the wholly-owned subsidiary Mianyang Meiling Software Technology Co., Ltd. received the refunds of added-value tax of software products in accordance with the Notice on VAT Policy of Software Products of State Administration of Taxation (CS No. [2011] 100), which is closely related to the company's normal business, and this business should be included in the subject list in the current period.

53. Non-operation revenue

(1) Non-operation revenue

Item	Current period	Amount for the same period of last year	Amount reckoned into non-recurring gains/losses in the period
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Item	Current period	Amount for the same period of last year	Amount reckoned into non-recurring gains/losses in the period
Gains from disposal of non-current assets	261,776.49	330,833.76	261,776.49
Including: Gains from disposal of fixed assets	261,776.49	330,833.76	261,776.49
Government subsidy	22,490,062.54	16,456,206.17	22,490,062.54
Income of penalty	483,051.41	301,433.90	483,051.41
Other	256,257.41	4,383,228.61	256,257.41
Total	23,491,147.85	21,471,702.44	23,491,147.85

(2) Government subsidy

Item	Current period	Amount for the same period of last year	Resource and basis	Assets/benefit related
VAT refunds	-	1,705,532.50	Drawback policy of VAT for software product	Income related
Other government subsidy etc.	1,960,999.85	2,641,549.48	-	Income related
Other Deferred income transfer-in	16,406,112.28	4,803,445.57	Deferred income transfer-in	Income related
NJP production trade enterprise award	1,238,685.00	-	Nanjing Port (Group) Co., Ltd.	Income related
Government subsidy for Step Out	526,900.00	-	Finance Bureau of Zhongshan City	Income related
Supporting fund of Anhui Branch of SINOSURE	508,404.98	-	Hefei Government, He Zheng (2014) No.62 etc.	Income related
National informatization standard recognition award	500,000.00	-	He Zheng [2016] No. 35	Income related
Social security subsidies	304,629.43	-	Wan RSF (2016) No. 33	Income related
Skills development cash grant from Hefei Human Resources and Social Security Bureau	211,500.00	-	He Cai Zhen 2011 [No.1035]	Income related
Training base grants from Hefei Board of Education	200,000.00	-	He Jiao Mi [2017] No. 234	Income related
Subsidy for high-tech enterprise	200,000.00	-	Zhongshan Ke Fa (2017) No. 85	Income related
Contract foreign projects of special funds for foreign trade and economic development of 2016	177,831.00	-	Zhong Shangwu He Zi (2016) No. 24	Income related
Supporting fund for multi hierarchy man power (2 nd batch)	104,000.00	-	He Jing Qu Guan [2016] No.90	Income related
Self-service innovation award	100,000.00	-	He Zheng [2016] No. 35	Income related
Offering rewards for NEEQ	51,000.00	-	Cai Jin (2015) No. 2035	Income related
A special fund of trade promotion for year of 2016	-	1,733,000.00	City Commercial Bureau-special fund of trade promotion for year of 2016	Income related
Reward of the new-type industrialization development policy	-	1,538,700.00	He Zheng [2015] No. 36	Income related

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Item	Current period	Amount for the same period of last year	Resource and basis	Assets/benefit related
promotion				
Subsidy for technically improve of the fixed assets	-	1,217,800.00	He Zheng [2015] No. 36	Income related
Subsidy of industry carry-over fund	-	1,000,000.00	Hefei 2015 Economic & Technological Development Area (HETA) - promotion of the new-type industrialization development policy	Income related
Policy rewards	-	1,014,456.72	Agreement of the Tianjin Xintai Industrial Economic Development Management Center	Income related
Enterprise development fund distributed by High-Tech Zone	-	801,721.90	Contract of the investment of 2 million refrigerators for one year	Income related
Total	22,490,062.54	16,456,206.17		

54. Non-operating expenditure

Item	Current period	Amount for the same period of last year	Amount reckoned into non-recurring gains/losses in the period
Loss from disposal of non-current assets	11,359,875.16	1,545,129.64	11,359,875.16
Including: loss from disposal of fixed assets	11,359,875.16	1,545,129.64	11,359,875.16
Penalty and late fee	16,170.32	259,138.22	16,170.32
Other	79,255.15	14,606.32	79,255.15
Total	11,455,300.63	1,818,874.18	11,455,300.63

55. Income tax expenses

Item	Current period	Amount for the same period of last year
Current income tax	12,992,795.39	23,825,374.34
Deferred Income Tax	-3,553,237.53	-5,009,188.36
Total	9,439,557.86	18,816,185.98

56. Other comprehensive income

Found more in "VI. 41. Other comprehensive income" in the Note

57. 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

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Item	Current period	Amount for the same period of last year
Government subsidy and rewards	6,083,950.26	9,947,228.10
Margin, deposit	2,932,691.26	3,672,988.85
Rental and trademark income	2,326,107.91	3,930,732.75
Compensations	492,082.89	103,131.84
Other	4,734,239.77	1,961,189.58
Total	16,569,072.09	19,615,271.12

2) Cash paid for other activities relating to operation

Item	Current period	Amount for the same period of last year
Market support fee	107,158,880.74	100,020,332.36
Advertising fee	16,086,131.50	14,594,018.03
Travel expense	25,366,506.33	21,472,512.46
Rental fee	17,832,545.16	9,218,885.60
Business activity fee	16,561,532.31	11,903,159.89
Pretty cash for employees	9,558,081.08	11,554,152.86
Meeting organization fee	6,041,902.70	7,113,406.24
Regular bus expenses	5,069,668.94	4,598,247.00
Inspection and certification fee	6,369,408.44	5,446,512.42
Vehicle cost	5,736,637.76	3,973,278.42
Handling Charges	4,719,226.91	25,077,479.49
Office expenses	5,656,327.46	3,575,528.11
Exhibition expenses	3,018,403.85	3,215,177.35
Penalty and overdue fine	16,170.32	259,138.22
Changes of the limited monetary fund	37,101,414.00	60,085,067.00
Other	53,980,478.26	36,462,279.04
Total	320,273,315.76	318,569,174.49

3) Cash received from other activities relating to investment

Item	Current period	Amount for the same period of last year
Interest income arising from bank savings	40,936,820.59	31,720,923.67
Government investment granted	-	4,331,970.00
Margin	540,386.28	336,823.00
Total	41,477,206.87	36,389,716.67

4) Cash paid for other activities relating to investment

Item	Current period	Amount for the same period of last year
Losses of forward exchange settlement	647,270.61	

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Bid bond refund	351,000.00	
Total	998,270.61	

5) Cash received from other activities relating to financing

Item	Current period	Amount for the same period of last year
Odd shares returned by stock exchange	-	3,451.80

6) Cash paid for other activities relating to financing

Item	Current period	Amount for the same period of last year
Amount refund to minority shareholders due to the cancellation of subsidiary	15,642.93	-
Handling charge of dividend	135,968.31	98,192.48
Total	151,611.24	98,192.48

(2) Supplementary information about consolidated cash flow statement

Item	Current period	Amount for the same period of last year
1. Net profit is adjusted to cash flow of operation activities:		
Net profit	98,094,701.39	109,923,646.84
Add: provision for depreciation of assets	45,493,272.74	36,586,681.11
Depreciation of fixed assets, consumption of oil gas assets and depreciation of productive biological assets	64,958,108.18	69,875,277.54
Amortization of intangible assets	26,594,339.27	19,417,253.87
Amortization of long-term retained expense	95,258.41	
Loss from disposal of fixed assets, intangible assets and other long term assets(gain is listed with "-")	11,098,098.67	1,214,295.88
Loss from discarding fixed assets as useless (gain is listed with "-")		
Loss from change of fair value(gain is listed with "-")	10,359,085.30	1,278,570.21
Financial expense (gain is listed with "-")	-46,417,395.15	-28,247,893.81
Investment loss (gain is listed with "-")	-23,593,349.66	-4,153,090.95
Decrease of deferred income tax assets (increase is listed with "-")	-3,241,353.88	-5,009,188.36
Increase of deferred income tax liabilities (decrease is listed with "-")	-305,541.12	
Decrease of inventories (increase is listed with "-")	-622,013,977.03	-27,646,224.86
Decrease of operational accounts receivable (increase is listed with "-")	-2,129,300,425.57	-995,881,410.16
Increase of operational accounts payable (decrease is listed with "-")	3,052,409,876.36	1,694,331,587.58
Other		
Net cash flow arising from operation activities	484,230,697.91	871,689,504.89
2. Major investment and financing activities that do not involve cash receipts:		

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Item	Current period	Amount for the same period of last year
Conversion of debt into capital		
Switching Company bonds due within one year		
financing lease of fixed assets		
3. Net change in cash and cash equivalents:		
Balance at period-end of cash	4,809,458,518.39	4,062,884,413.48
Less: Balance at year-begin of cash	3,986,098,419.76	2,121,161,238.01
Add: Balance at year-end of cash equivalents		
Less: Balance at year-begin of cash equivalents		
Net increase in cash and cash equivalents	823,360,098.63	1,941,723,175.47

(3) No net cash paid for subsidiary obtained in the period.

(4) No cash received from subsidiary and other operation units disposal in the period

(5) Cash and cash equivalent

Item	Amount at period-end	Amount at year-begin
Cash	4,809,458,518.39	3,986,098,419.76
Including: cash in stock	83,233.09	94,415.53
Bank deposits available for payment at any time.	4,349,072,332.23	3,810,367,022.13
Bank deposits available for payment at any time	460,302,953.07	175,636,982.10
Cash equivalents		
including: bond investment due within 3 months		
Balance of cash and cash equivalents at year end	4,809,458,518.39	3,986,098,419.76
Including: using the restricted cash and cash equivalents of the parent company or subsidiary of the group		

58. Assets with ownership or the right to use restricted

Item	Ending book value	Reasons
Monetary fund	108,727,129.38	Margin
Notes receivable	586,118,629.32	Pledged
Intangible assets ^{note1}	19,827,456.74	Pledged
Non-current assets due within 1 year ^{note2}	46,133,664.00	Pledged
Total	760,806,879.44	

Note 1: security for intangible assets was security of land use right. For details, please refer to “34. Long term borrowings” under this note VI.

Note 2: non-current assts due within one year are pledged as time deposit, found more in 9. non-current assets due within one year in Note VI.

59. Foreign currency

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

(1) Foreign currency			
Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
Monetary fund			
Including: USD	58,017,135.02	6.7744	393,031,279.50
Euro	6,580,132.00	7.7496	50,993,390.95
AUD	1,384,006.85	5.2099	7,210,537.29
IDR	2,337,016,816.00	0.0005	1,168,508.41
Rupi	17,834,337.79	0.0645	1,150,314.79
Account receivable			
Including: USD	126,320,333.81	6.7744	855,744,469.38
Euro	8,571,952.19	7.7496	66,429,200.69
AUD	2,031,639.94	5.2099	10,584,640.92
IDR	17,415,143,335.00	0.0005	8,707,571.67
Rupi	1,593,760,001.86	0.0645	102,797,520.12
Other receivables			
Including: USD	67,569.47	6.7744	457,742.62
Euro	8,268.56	7.7496	64,078.03
IDR	1,856,629,640.00	0.0005	928,314.82
Rupi	18,676,421.30	0.0645	1,204,629.17
Advance payment			
Including: USD	1,920,308.16	6.7744	13,008,935.60
IDR	1,052,966.00	0.0005	526.48
Rupi	740,762,639.24	0.0645	47,779,190.23
Other accounts payable			
Including: USD	225,933.49	6.7744	1,530,563.83
IDR	1,094,956,343.00	0.0005	547,478.17
Rupi	264,014,236.91	0.0645	17,028,918.28
Short-term loans			
Including: USD	40,300,000.00	6.7744	273,008,320.00
Euro	25,505,959.80	7.7496	197,660,986.07
Payment in advance			
Including: USD	35,319,258.98	6.7744	239,266,788.04
Euro	2,380,231.99	7.7496	18,445,845.83
AUD	2,273.84	5.2099	11,846.48
IDR	2,500,000.00	0.0005	1,250.00
Advance payment			
Including: USD	581,515.25	6.7744	3,939,416.91
Euro	2,579,917.72	7.7496	19,993,330.36
IDR	781,556,641.00	0.0005	390,778.32

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Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
Current assets due within one year			
Including: USD	6,810,000.00	6.7744	46,133,664.00
Non-current liabilities due within 1y ear			
Including: USD	6,724,000.00	6.7744	45,551,065.60

(2) Foreign operational entity

The foreign operational entity of the Company was Changhong Ruba Trading Company (Private) Limited, mainly operates in Lahore, Pakistan; Recording currency is Pakistan Rupi. CHANGHONG MEILING ELECTRIC INDONESIA,PT, mainly operates in Jakarta; Recording currency is IDR.

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VII. Changes of consolidation rage

1. Enterprise combined under the different control: Nil

2. Enterprise combined under the same control: Nil

3. Reversed takeover: Nil

4. Disposal of subsidiary: Nil

5. Subsidiary liquidated

Subsidiary	Price of the equity disposed	Ratio of the equity disposed	Way of the equity disposed	Time point of control right lose	Determination basis for the time point of control right lose	Difference between the disposal price and proportion of the subsidiary's net assets enjoy in aspect of the consolidated financial statement, which is respond to the disposal investment	Other comprehensive income transferred into investment income, which related with the equity investment of original subsidiary
Xi'an Meizhilai Appliance Marketing Co., Ltd.		98.50%	Liquidation cancelled	2017.6	Liquidation completed		

6. Subsidiary established

Subsidiary	Type	Registered place	Business nature	RC (10 thousand Yuan)	Capital actually paid at period-end (10 thousand Yuan)	Other balance that consider as the net investment for subsidiary in nature	Share-holding Ratio (%)	Ratio of voting right (%)	Consolidated (Y/N)	Minority's interest
MeiLing Candy Washing Machine Co., Ltd.	Limited Liability Company	Hefei	Sale	RMB:15,000	RMB:5,000		60.00	60.00	Y	19,962,638.78
Guangzhou Changhong Trade Co., Ltd.	Limited Company	Zhongshan	Sale	RMB:100	RMB:100		100.00	100.00	Y	-
Zhongshan Hongling Trade Co., Ltd.	Limited Company	Zhongshan	Sale	RMB:100	RMB:60		100.00	100.00	Y	-

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VIII. Equity in other entity

1. Equity in subsidiary

(1) Composition of the enterprise group

Subsidiary	Business area	Registration place	Business nature	Share-holding ratio (%)		Acquire way
				Directly	Indirectly	
Zhongke Meiling Cryogenic Technology Co., Ltd.1)	Hefei	Hefei	Manufactures, sales	66.76		Investment
Mianyang Meiling Software Technology Co., Ltd.2)	Mianyang	Mianyang	Software development		100.00	Investment
Mianyang Meiling Refrigeration Co., Ltd.3)	Mianyang	Mianyang	Manufactures, sales	95.00	5.00	Investment
Jiangxi Meiling Appliance Co., Ltd.4)	Jingdezhen	Jingdezhen	Manufactures, sales	98.75	1.25	Investment
Hefei Meiling Appliance Marketing Co., Ltd.5)	Hefei	Hefei	Sales	99.82	0.18	Investment
Guangxi Huidian Home Appliance Co., Ltd.6)	Nanning	Nanning	Sales		100.00	Enterprise combined under the different control
Wuhu Meiling Appliance Marketing Co., Ltd.7)	Wuhu	Wuhu	Sales		98.00	Investment
Changchun Meiling Appliance Marketing Co., Ltd.8)	Changchun	Changchun	Sales		100.00	Investment
Lanzhou Mizhilai Appliance Marketing Co., Ltd.9)	Lanzhou	Lanzhou	Sales		100.00	Investment
Jinan Meiling Appliance Marketing Co., Ltd.10)	Jinan	Jinan	Sales		91.40	Investment
Nanchang Xiangyou Appliance Marketing Co., Ltd.11)	Nanchang	Nanchang	Sales		85.00	Investment
Jingzhou Meiling Appliance Marketing Co., Ltd.12)	Jingzhou	Jingzhou	Sales		96.00	Investment
Shengyang Meiling Appliance Marketing Co., Ltd.13)	Shengyang	Shengyang	Sales		100.00	Investment
Wuhan Meizhirong Appliance Marketing Co., Ltd.14)	Wuhan	Wuhan	Sales		91.00	Investment
Zhengzhou Meiling Appliance Marketing Co., Ltd.15)	Zhengzhou	Zhengzhou	Sales		100.00	Investment
Shijiazhuang Meiling Appliance Marketing Co., Ltd.16)	Shijiazhuang	Shijiazhuang	Sales		100.00	Investment
Mianyang Meiling Appliance Marketing Co., Ltd.17)	Mianyang	Mianyang	Sales		100.00	Investment
Chengdu Meiling Appliance Marketing Co., Ltd.18)	Chengdu	Chengdu	Sales		94.80	Investment
Guiyang Meiling Appliance Marketing Co., Ltd.19)	Guiyang	Guiyang	Sales		100.00	Investment
Fuzhou Meiling Appliance Marketing Co., Ltd.20)	Fuzhou	Fuzhou	Sales		100.00	Investment
Nanjing Meiling Appliance Marketing Co., Ltd.21)	Nanjing	Nanjing	Sales		100.00	Investment
Hefei Meiling White Appliance Marketing Co., Ltd.22)	Hefei	Hefei	Sales		95.00	Investment
Taiyuan Meiling Appliance Marketing Co., Ltd.23)	Taiyuan	Taiyuan	Sales		100.00	Investment
Changsha Meiling Appliance Marketing Co., Ltd.24)	Changsha	Changsha	Sales		97.00	Investment
Hohhot Xiangyou Appliance Marketing Co., Ltd.25)	Hohhot	Hohhot	Sales		95.00	Investment
Hangzhou Meiling Appliance Marketing Co., Ltd.26)	Hangzhou	Hangzhou	Sales		100.00	Investment
Chongqing Meiling Appliance Marketing Co., Ltd.27)	Chongqing	Chongqing	Sales		100.00	Investment
Kunming Meiling Appliance Marketing Co., Ltd.28)	Kunming	Kunming	Sales		97.5	Investment
Shanghai Meiling Appliance Marketing Co., Ltd.29)	Shanghai	Shanghai	Sales		99.00	Investment
Nantong Meiling Appliance Marketing Co., Ltd.30)	Nantong	Nantong	Sales		100.00	Investment

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Subsidiary	Business area	Registration place	Business nature	Share-holding ratio (%)		Acquire way
				Directly	Indirectly	
Guangzhou Meiling Appliance Marketing Co., Ltd.31)	Guangzhou	Guangzhou	Sales		98.00	Investment
Tianjin Meiling Appliance Marketing Co., Ltd.32)	Tianjin	Tianjin	Sales		100.00	Investment
Urunchi Meiling Appliance Marketing Co., Ltd.33)	Urunchi	Urunchi	Sales		90.00	Investment
Harbin Meiling Appliance Marketing Co., Ltd.34)	Harbin	Harbin	Sales		100.00	Investment
Beijing Meiling Appliance Marketing Co., Ltd.35)	Beijing	Beijing	Sales		100.00	Investment
Hefei MeiLing Nonferrous Metal Products Co., Ltd.36)	Hefei	Hefei	Manufactures, sales		100.00	Enterprise combined under the different control
Guangdong Changhong Ridian Technology Co., Ltd.37)	Zhongshan	Zhongshan	Manufactures, sales	98.855		Enterprise combined under the same control
Changmei Technology Co., Ltd. 38)	Mianyang	Mianyang	Sales	92.64		Investment
CHONGHONG MEILING ELECTRIC INDONESIA PT.39)	Jakarta	Jakarta	Sales		100.00	Investment
Changhong Ruba Trading Company40)	Pakistan	Pakistan	Sales		60.00	Investment
Sichuan Changhong Air Conditioner Co., Ltd.41)	Mianyang	Mianyang	Manufactures, sales	100.00		Enterprise combined under the same control
Zhongshan Changhong Electric Co., LTD.42)	Zhongshan	Zhongshan	Manufactures, sales	90.00	10.00	Enterprise combined under the same control
Hefei Meiling Group Holding Co., Ltd.43)	Hefei	Hefei	Manufactures, sales	100.00		Enterprise combined under the different control
Meiling Equator Electric (Hefei) Co., Ltd. 44)	Hefei	Hefei	Manufactures, sales		100.00	Enterprise combined under the different control
Hefei Equator Electric Co., Ltd. 45)	Hefei	Hefei	Manufactures, sales		100.00	Enterprise combined under the different control
Hongyuan Earth Energy Heat Pump Technology Co., Ltd.46)	Mianyang	Mianyang	Manufactures, sales		51.00	Investment
MeiLing Candy Washing Machine Co., Ltd.47)	Hefei	Hefei	Manufactures, sales	60.00		Investment
Guangzhou Changhong Trade Co., Ltd.48)	Zhongshan	Zhongshan	Sales		100.00	Investment
Zhongshan Hongling Trade Co., Ltd.49)	Zhongshan	Zhongshan	Sales		100.00	Investment

Note:

1) Zhongke Meiling Low Temperature Technology Company Limited (“Zhongke Meiling”), the predecessor of which was Zhongke Meiling Low Temperature Technology Limited Liability Company, was established on 29 October 2002 by joint contribution from the Company and Technical Institute of Physics and Chemistry, CAS (“TIPC”), with registered capital of RMB60 million upon the establishment, among which, the Company made capital contribution of RMB42 million (including the assets in specie at the consideration of RMB35,573,719.70 as evaluated by Beijing Zhongzheng Appraisal Co., Ltd. with issuance of the Appraisal Report (ZZPBZ(2002)No.029) and cash contribution of RMB6,426,280.30) accounting for 70% of the aforesaid registered capital, and TIPC made capital contribution of RMB18 million with intangible assets of such value (namely the single compressor mixture industrial low temperature refrigeration technology) as evaluated by Jingzhongzi Assets Appraisal Co., Ltd. with

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issuance of the Appraisal Report (ZZPBZ(2002)No.225) accounting for 30% of the aforesaid registered capital. The paid-in of the above registered capital has been verified by Huazheng Accounting Firm by issuance of the Assets Verification Report (HZYZ(2002)No.B157) dated 16 October 2002.

In October 2014, according to the relevant provision under the Management Rules on Application of State Owned Assets by Central Business Organs, TIPC transferred the 30% equity interests held by it in Zhongke Meiling Low Temperature Technology Company Limited to its wholly-owned subsidiary Zhongke Xianxing (Beijing) Assets Management Co., Ltd (“Zhongke Xianxing”) which would perform management over the operating assets of TIPC. Upon consideration and approval at the 37th meeting of the 7th Board of Directors of Hefei Meiling Co., Ltd, it is agreed to waive the pre-emptive right.

On 10 August 2015, all the founders signed the Founder Agreement of Zhongke Meiling Low Temperature Technology Company Limited, pursuant to which, they decided to change the firm type of Zhongke Meiling Low Temperature Technology Company Limited to a joint stock company. Based on the net assets of RMB96, 431,978.25 as audited by Xinyong Zhonghe CPA as of 30 June 2015, an aggregate of 65,000,000 shares have been converted at the proportion of 1:0.67, which are to be held by the original shareholders according to their respective entitlement. In case that the net assets exceed registered capital, the balance shall be recorded in capital reserve. On 28 August 2015, Xinyong Zhonghe CPA reviewed the registered capital and paid-in thereof in respect of the stock reform, and issued Assets Verification Report (XYZH/2015CDA40161). The Company registered industrial and commercial information on 11 September 2015.

On November 25, 2016, the first Extraordinary Shareholders' General Meeting of Zhongke Meiling Low Temperature Technology Co., Ltd. in 2016 considered and approved the Proposal on the Issuance Plan of the Company, Zhongke Meiling Company issued 3,150,000 shares to specific investors by the non-public offering of shares at 1.63 Yuan per share. The current capital increase was verified by the No. [XYZH/2016CDA40294] capital verification report issued by ShineWing CPA (special general partnership). After the completion of the issuance, the share capital of Zhongke Meiling Company increased to 68,150,000 shares and the Company's shareholding ratio was 66.76%.

2) Mianyang Meiling Software Technology Co., Ltd. (hereinafter referred to as Meiling Software Company) was established on Jan. 24, 2014. It is a limited company jointly invested by the Company and Mianyang Meiling Refrigeration Co., Ltd., being approved by the Industrial and Commerce Bureau of Peicheng District, Mianyang City. The company owes registered capital of RMB 5 million, including RMB 4.95 million contributed by Meiling Company in cash, accounted for 99% of the registered capital; Mianyang Meiling Refrigeration Co., Ltd. contributed RMB 50000 in cash with 1% of the register capital occupied. The above mentioned register capital have been verified by verification report of Chuanjinlai Yanzi No.[2014] B039 issued by Sichuan Jinlai Accounting Firm Co., Ltd. In July 2016, the shares of Mianyang Meiling Software Technology Co., Ltd., held by the Company has transferred to Sichuan Changhong AC Co., Ltd., after transferred, Changhong AC has 99% equity of Mianyang Software, the Company has no shares of Mianyang Software directly

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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, 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. The paid-in capital has been verified by Capital Verification Report [XYZH/2010CDA6040] from Chengdu Branch of Shinewing CPA CO., Ltd. 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. In September 2013, Jiangxi Meiling Refrigeration was combined by Jiangxi Meiling Appliance Co., Ltd, than 5 percent equity was transfer to Jiangxi Meiling Appliance.

4) 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.

5) Hefei Meiling Appliance Marketing Co., Ltd. (Meiling Marketing Company for short) is the limited company jointly invested by the Company and Mianyang Meiling Company on 21 Oct. 2009. Registered capital and paid-up capital was RMB 10 million, including RMB 9.9 million invested by the Company, a 99% of the registered capital; Mianyang Meiling Company contributed RMB 0.1 million, a 1% of the registered capital. The above mentioned paid-up register capital have been verified by verification report of [Wan An Lian Xin Da Yan Zi (2009) No. 074] issued by Anhui An Lian Xin Da Accounting Firm Co., Ltd. On 25 Nov. 2010, the Company increased capital RMB 45 million, registered capital amounting to RMB 55 million, including RMB 54.9 million contributed by the Company, a 99.82% of the registered capital, while Mianyang Meiling invested RMB 0.1 million, a 0.18% of the registered capital. The increased capital have been verified by verification report of [Wan Hua Shen Zheng Da Kuai Yan Zi (2010) No. 1514] issued by Anhui Hua Shen Zhengda CPA Co., Ltd.

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6) Guangxi Huidian Home Appliance Co., Ltd. (Guangxi Huidian for short) established in March 2010 with registered capital of RMB 5 million. The Company invested RMB 1 million, accounted for 20% of the registered capital; Meiling Marketing acquired 44% equity interests from the minority shareholders in 2014. In 2015, Meiling Marketing and Jiangxi Meiling Appliances entered into equity transfer agreements with minority shareholders respectively, to acquire as the transferees the 35.6% and 0.4% equity interests of Guangxi Weidian held by minority shareholders. Upon completion of equity transfer in April 2015, Meiling Marketing and Jiangxi Meiling Appliances held the entire equity interests of Guangxi Weidian as a whole.

7) Wuhu Meiling Appliance Marketing Co., Ltd. (Wuhu Meiling for short) was established dated 24 December 2010 with registered capital of RMB 6 million; the Company invested RMB 2.16 million, accounted for 36% of the registered capital. After Meiling Marketing acquired 65% equity interests from the minority shareholders in 2014, Meiling Marketing the Company totally holds 98% equity of the Wuhu Meiling.

8) Changchun Meiling Appliance Marketing Co., Ltd. (Changchun Meiling for short) was established dated 22 December 2010 with registered capital of RMB 3million; Meiling Marketing invested RMB 2.91 million, accounted for 97% of the registered capital. After Meiling Marketing acquired 3% equity interests from the minority shareholders in 2017, Meiling Marketing the Company totally holds 100% equity of the Changchun Meiling.

9) Lanzhou Meizhilai Meiling Appliance Marketing Co., Ltd., originally named Lanzhou Meiling Appliance Marketing Co., Ltd. (Meiling for short) was established dated 25 March 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.215 million, accounted for 40.50% of the registered capital. After Meiling Marketing acquired 11% equity interests from the minority shareholders in 2013, Meiling Marketing acquired 48.5% equity interests from the minority shareholders in 2016, Meiling Marketing the Company totally holds 100% equity of Lanzhou Meiling.

10) Jinan Meiling Appliance Marketing Co., Ltd. (Jinan Meiling for short) was established dated 3 June 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.08 million, accounted for 36% of the registered capital; after Meiling Marketing acquired 55.4% equity interests from the minority shareholders in 2015, Meiling Marketing totally holds 91.4% equity of the Jinan Meiling.

11) Nanchang Youxiang Appliance Marketing Co., Ltd. (Nanchang Xiangyou for short) was established dated 5 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.08 million, accounted for 36% of the registered capital. After the Company acquired 49% equity interests from the minority shareholders in 2014, Meiling Marketing totally holds 85% equity of Nanchang Meiling.

12) Jingzhou Meiling Appliance Marketing Co., Ltd. (Jingzhou Meiling for short) was established dated 10 January 2011 with registered capital of RMB 4 million; Meiling Marketing invested RMB 2.4 million, accounted for 60% of the registered capital. In 2013, the Company purchased 20% equity from

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minority; After Meiling Marketing acquired 1% equity interests from the minority shareholders in 2014, Meiling Marketing acquired 15% equity interests from the minority shareholders in 2016, Meiling Marketing totally holds 96% equity of Jingzhou Meiling.

13) Shengyang Meiling Appliance Marketing Co., Ltd. (Shengyang Meiling for short) was established dated 26 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.844 million, accounted for 94.8% of the registered capital.

14) Wuhan Meizhirong Appliance Marketing Co., Ltd. (Wuhan Meizhirong for short) was established dated 10 January 2011 with registered capital of RMB 5 million; Meiling Marketing invested RMB 4.55 million, accounted for 91% of the registered capital.

15) Zhengzhou Meiling Appliance Marketing Co., Ltd. (Zhengzhou Meiling for short) was established dated 17 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.08 million, accounted for 36% of the registered capital. In 2013, Meiling Marketing purchased 10% equity from minority; Meiling Marketing signed equity transfer agreement with the minority shareholders in April 2015, to acquire as the transferee the 39% equity interests of Zhengzhou Meiling held by minority shareholders, Meiling Marketing acquired 10% equity interests from the minority shareholders in February 2016; Upon completion of such equity transfer, Meiling Marketing held in aggregate the 95% equity interests of Zhengzhou Meiling. After Meiling Marketing acquired 5% equity interests from the minority shareholders in 2017, Meiling Marketing held in aggregate the 100% equity interests of Zhengzhou Meiling.

16) Shijiazhuang Meiling Appliance Marketing Co., Ltd. (Shijiazhuang Meiling for short) was established dated 14 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.08 million, accounted for 36% of the registered capital; After Meiling Marketing acquired 27.33% equity held by the minority in 2014, holding 63.33% equity of the Shijiazhuang Meiling; After Meiling Marketing acquired 32% equity held by the minority in 2015, totally holding 95.33% equity of Shijiazhuang Meiling. After Meiling Marketing acquired 4.67% equity interests from the minority shareholders in 2017, Meiling Marketing held in aggregate the 100% equity interests of Shijiazhuang Meiling.

17) Mianyang Meiling Appliance Marketing Co., Ltd. (Mianyang Meiling for short) was established dated 27 January 2011 with registered capital of RMB 5 million; Meiling Marketing invested RMB 2.6 million, accounted for 52% of the registered capital. After Meiling Marketing purchased 33% equity from minority in 2013, and purchased 8.8% equity from minority in 2015, Meiling Marketing totally holds 93.8% equity of Mianyang Meiling. After Meiling Marketing acquired 6.2% equity interests from the minority shareholders in 2017, Meiling Marketing held in aggregate the 100% equity interests of Mianyang Meiling.

18) Chengdu Meiling Appliance Marketing Co., Ltd. (Chengdu Meiling for short) was established dated 26 January 2011 with registered capital of RMB 5 million; Meiling Marketing invested RMB 4.17

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million, accounted for 83.4% of the registered capital; After Meiling Marketing purchased 9% equity from minority in 2015, and purchased 0.8% equity from minority in 2016, Meiling Marketing totally holds 94.8% equity of Chengdu Meiling.

19) Guiyang Meiling Appliance Marketing Co., Ltd. (Guiyang Meiling for short) was established dated 24 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 0.78 million, accounted for 26% of the registered capital; after Meiling Marketing purchased 18% equity from minority in 2013, Meiling Marketing purchased 42% equity from minority in 2015, Meiling Marketing purchased 14% equity from minority in 2016, Meiling Marketing held in aggregate the 100% equity interests of Guiyang Meiling.

20) Fuzhou Meiling Appliance Marketing Co., Ltd. (Fuzhou Meiling for short) was established dated 25 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.97 million, accounted for 99% of the registered capital. After Meiling Marketing acquired 1% equity interests from the minority shareholders in 2017, Meiling Marketing held in aggregate the 100% equity interests of Fuzhou Meiling.

21) Nanjing Meiling Appliance Marketing Co., Ltd. (Nanjing Meiling for short) was established dated 14 Feb. 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.97 million, accounted for 99% of the registered capital. After Meiling Marketing acquired 1% equity interests from the minority shareholders in 2017, Meiling Marketing held in aggregate the 100% equity interests of Nanjing Meiling.

22) Hefei Meiling White Appliance Marketing Co., Ltd. (White Appliance for short) was established dated 21 January 2011 with registered capital of RMB 6 million; Meiling Marketing invested RMB 5.1 million, accounted for 85% of the registered capital; Meiling Marketing signed equity transfer agreement with the minority shareholders in 2015, to acquire as the transferee the 10% equity interests of White Appliance held by minority shareholders. Upon completion of such equity transfer in February 2015, Meiling Marketing held in aggregate the 95% equity interests of White Appliance.

23) Taiyuan Meiling Appliance Marketing Co., Ltd. (Taiyuan Meiling for short) was established dated 18 January 2011 with registered capital of RMB 4 million; Meiling Marketing invested RMB 1.59 million, accounted for 39.75% of the registered capital; after Meiling Marketing purchased 45.5% equity from minority in 2013, Meiling Marketing purchased 14.75% equity from minority in 2016, Meiling Marketing totally holds 100% equity of the Taiyuan Meiling.

24) Changsha Meiling Appliance Marketing Co., Ltd. (Changsha Meiling for short) was established dated 26 January 2011 with registered capital of RMB 5 million; Meiling Marketing invested RMB 1.8 million, accounted for 36% of the registered capital; the Company entered into equity transferred agreement with minority shareholders in 2014, transferred 50% equity of Changsha Meiling held by the minority, after Meiling Marketing purchased 11% equity from minority in 2016, Meiling Marketing totally holds 97% equity of Changsha Meiling.

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25) Hohhot Meiling Appliance Marketing Co., Ltd., originally called Hohhot Xiangyou Appliance Marketing Co., Ltd.(Hohhot Meiling for short) was established dated 21 Feb. 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.65 million, accounted for 55% of the registered capital; after Meiling Marketing purchased 28% equity from minority in 2013, Meiling Marketing purchased 12% equity from minority in 2016, Meiling Marketing totally holds 95% equity of the Hohhot Meiling.

26) Hangzhou Meiling Appliance Marketing Co., Ltd. was established dated 17 Feb. 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.655 million, accounted for 88.5% of the registered capital; Meiling Marketing signed equity transfer agreement with the minority shareholders in 2015, to acquire as the transferee the 6.5% equity interests of Hangzhou Meiling held by minority shareholders. Upon completion of such equity transfer in February 2015, Meiling Marketing held in aggregate the 95% equity interests of Hangzhou Meiling. After Meiling Marketing acquired 5% equity interests from the minority shareholders in 2017, Meiling Marketing held in aggregate the 100% equity interests of Hangzhou Meiling.

27) Chongqing Meiling Appliance Marketing Co., Ltd. (Chongqing Meiling for short) was established dated 1 March 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.55 million, accounted for 85% of the registered capital; After Meiling Marketing purchased 13% equity from minority in 2015, Meiling Marketing totally holds 98% equity of Chongqing Meiling. After Meiling Marketing acquired 2% equity interests from the minority shareholders in 2017, Meiling Marketing held in aggregate the 100% equity interests of Chongqing Meiling.

28) Kunming Meiling Appliance Marketing Co., Ltd. (Kunming Meiling for short) was established dated 28 Feb. 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.395 million, accounted for 46.5% of the registered capital; after Meiling Marketing purchased 40% equity from minority in 2013, Meiling Marketing purchased 9% equity from minority in 2016, Meiling Marketing totally holds 95.5% equity of the Kunming Meiling. After Meiling Marketing acquired 2% equity interests from the minority shareholders in 2017, Meiling Marketing held in aggregate the 97.5% equity interests of Kunming Meiling.

29) Shanghai Meiling Appliance Marketing Co., Ltd. (Shanghai Meiling for short) was established dated 9 March 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.97 million, accounted for 99% of the registered capital.

30) Nantong Meiling Appliance Marketing Co., Ltd. (Nantong Meiling for short) was established dated 8 March 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.74 million, accounted for 58% of the registered capital; In 2013, after Meiling Marketing purchased 34% equity from minority, Meiling Marketing totally holds 92% equity of the Nantong Meiling. After Meiling Marketing acquired 8% equity interests from the minority shareholders in 2017, Meiling Marketing held in aggregate the 100% equity interests of Nantong Meiling.

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31) Guangzhou Meiling Appliance Marketing Co., Ltd. (Guangzhou Meiling for short) was established dated 13 May 2011 with registered capital of RMB 5 million; Meiling Marketing invested RMB 4.3 million, accounted for 86% of the registered capital; after Meiling Marketing acquired 12% equity interests from the minority shareholders in 2014, Meiling Marketing totally held the 98% equity interests of Guangzhou Meiling.

32) Tianjin Meiling Appliance Marketing Co., Ltd. (Tianjin Meiling for short) was established dated 2 March 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.565 million, accounted for 85.5% of the registered capital; In 2015, Meiling Marketing and Jiangxi Meiling Appliances entered into equity transfer agreements with minority shareholders respectively, to acquire as the transferees the 14.1% and 0.4% equity interests of Guangxi Weidian held by minority shareholders. Upon completion of equity transfer in December 2015, Meiling Marketing totally held the entire equity interests of Tinjian Meiling.

33) Urumchi Meiling Appliance Marketing Co., Ltd. (Urumchi Meiling for short) was established dated 4 March 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.7 million, accounted for 90% of the registered capital.

34) Harbin Meiling Appliance Marketing Co., Ltd. (Harbin Meiling for short) was established dated 6 April 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.08 million, accounted for 36% of the registered capital; Meiling Marketing acquired 41.5% equity interests from the minority shareholders in 2014, Meiling Marketing acquired 17.5% equity interests from the minority shareholders in 2015, Meiling Marketing totally held the 95% equity interests of Harbin Meiling. After Meiling Marketing acquired 5% equity interests from the minority shareholders in 2017, Meiling Marketing held in aggregate the 100% equity interests of Harbin Meiling.

35) Beijing Meiling Appliance Marketing Co., Ltd. (Beijing Meiling for short) was established dated 28 March 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.97 million, accounted for 99% of the registered capital. After Meiling Marketing acquired 1% equity interests from the minority shareholders in 2017, Meiling Marketing held in aggregate the 100% equity interests of Beijing Meiling.

36) Hefei Meiling Nonferrous Metal Products Co., Ltd. (Nonferrous Metal) 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 [WJMWFFZZ(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

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[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.

37) Guangdong Changhong Ridian Technology Co., Ltd. (hereinafter referred to as the Company, the company) is a limited liability company invested and established by Sichuan Changhong Electric Co., Ltd. (hereinafter referred to as Sichuan Changhong) and Sichuan Changhong Motor Transport Co., Ltd. (hereinafter referred to as Changhong Motor Transport Company) on May 25, 2016. The registered capital and paid-in capital are RMB 40 million Yuan, of which Sichuan Changhong has invested 32 million Yuan by monetary capital, accounting for 80% of the registered capital; Changhong Motor Transport Company has invested 8 million Yuan, accounting for 20% of the registered capital. The official receipts of registered capital have been verified by original Sichuan Junhe Accounting Firm [No. JHYZ (2006) 3027]. The company increased registered capital of 43 million Yuan on January 4, 2007, changing from 40 million Yuan to 83 million Yuan, for the newly increased 43 million Yuan, Sichuan Changhong invested 1.8 million Yuan, Guangdong Xiongfeng Electric Co., Ltd. invested 40 million Yuan, and Kou Huameng and other 9 natural person shareholders invested 1.2 million Yuan, at the same time, the shareholders' meeting considered and agreed to transfer the investment of 8 million Yuan of Changhong Motor Transport Company to Sichuan Changhong Innovation Investment Co., Ltd., the structure of the registered capital after changes was that Sichuan Changhong invested 33.8 million Yuan, accounting for 40.72%; Guangdong Xiongfeng Electric Co., Ltd. invested 40 million Yuan, accounting for 48.19%; Sichuan Changhong Innovation Investment Co., Ltd. Invested 8 million Yuan, accounting for 9.64%; Kou Huameng and other 9 natural person shareholders invested 1.2 million Yuan, accounting for 1.45%. The change of registered capital was verified by Zhongshan Promise Accounting Firm [No. ZCHZ (2007)501010].

On February 18, 2009, 7 natural person shareholders transferred total 0.76% stock rights to Hu Zhiheng, after the transfer, the registered capital of the company was still 83 million Yuan, the structure of registered capital after changes was that Sichuan Changhong invested 33.8 million Yuan, accounting for 40.72%; Guangdong Xiongfeng Electric Co., Ltd. invested 40 million Yuan, accounting for 48.19%; Sichuan Changhong Innovation Investment Co., Ltd. invested 8 million Yuan, accounting for 9.64%; Hu Zhiheng and other two natural person shareholders invested 1.2 million Yuan, accounting for 1.45%.

On October 9, 2014, the company held the shareholders meeting which considered and agreed Kou Huameng to transfer its stock rights of total 250,000 Yuan which accounts for 0.301% of the company's registered capital to Sichuan Changhong Innovation Investment Co., Ltd. at the cost of 317,802 Yuan. The other shareholders of the Company waived the right of pre-emption. On December 11, 2014, the company held the shareholders meeting which considered and agreed Guangdong Xiongfeng Electric Co., Ltd. to transfer its stock rights of total 40 million Yuan which accounts for 48.19 % of the company's registered

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capital to Sichuan Changhong Electric Co., Ltd. at the cost of 43,977,300 Yuan. The other shareholders of the Company waived the right of pre-emption. The structure of registered capital after changes was that Sichuan Changhong invested 73.8 million Yuan , accounting for 88.92%; Sichuan Changhong Innovation Investment Co., Ltd. Invested 8.25 million Yuan , accounting for 9.94%; Hu Zhiheng and another natural person shareholder invested 950,000 Yuan , accounting for 1.14%.

On January 4, 2016, Sichuan Changhong and Sichuan Changhong Innovation Investment Co., Ltd. transferred total 98.855% of the Company's stock rights they held to the Company. After the transfer, the Company directly holds 98.855% stock rights of Changhong Ridian.

38) Changmei Technology Co., Ltd. (Changmei Technology for short) was invested and set up on May 12, 2016 in order to promote intelligent transformation and implement the company's intelligent life project according to the company's strategic planning and business development needs. Changmei Technology has registered capital of 50 million Yuan, of which the Company subscribed and paid 45 million Yuan in cash, accounting for 90% of the registered capital, and Changmei Management Group team subscribed and paid 5 million Yuan in cash, accounting for 10% of the registered capital.

On 19 December 2016, being deliberated on shareholders meeting, 2.64% equity held by part of the natural persons, are agreed to transferred to Hefei Meiling Co., Ltd. After transferred, the equity structures are as: Hefei Meiling Co., Ltd. contributes 46.32 million Yuan, a 92.64% in registered capital; natural person of Changmei management team totally contributed 3.68 million Yuan, a 7.36% in registered capital.

39) CHANGHONG MEILING ELECTRIC INDONESIA, PT.(Indonesia Changhong for short) is a subsidiary established in Indonesia and jointly invested by Zhongshan Changhong and Sichuan Changhong in 2016, the company's registered capital is 6 million US dollars, of which Zhongshan Changhong subscribed and paid 5.88 million US dollars in cash, accounting for 98% of the registered capital, Changhong Air Conditioning subscribed and paid 120,000 US dollars in cash, accounting for 2% of the registered capital.

40) Changhong Ruba Trading Company (Private) Limited ("Changhong Ruba") was a joint venture established by Zhongshan Changhong Appliances Company Limited and RUBA GENERAL TRADING FZE Company ("RUBA") on 5 August 2011 with the approval from Guangdong Development and Reform Commission by issuance of the Approval Relating to Joint Construction of a Manufacturing and Selling Platform Project in Pakistan by Zhongshan Changhong Appliances Company Limited (YFGWZ(2011)958). The resolution of the second extraordinary shareholders' meeting of Zhongshan Changhong in 2016 passed the "Proposal on the Company's Capital Increase to Changhong Ruba Trading Company (Private) Limited", and agreed that the company and UAE RUBA Company jointly increase capital to Changhong Ruba Trading Company(Private) Limited which was invested by both sides in Pakistan at an earlier stage, Zhongshan Changhong invested 3.84 million US dollars in this capital increase, and UAE RUBA Company invested 2.56 million US dollars, the shares held by both sides remained unchanged. After the capital increase, the company's registered capital became 12.4 million US dollars, of

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which Zhongshan Changhong Electric Co., Ltd. Invested 7.44 million US dollars in cash, shareholding ratio was 60%, UAE RUBA Company invested 4.96 million US dollars in cash, and shareholding ratio was 40%.

41) 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.

42) Zhongshan Changhong Electric Co., Ltd.(Zhongshan Changhong), 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. On 25 May 2014, the Company increased RMB 36 million to Zhongshan Changhong, and Changhong AC increased RMB 4 million. In 2016, according to the overseas development strategy of the Company and the development and operation needs of the subsidiaries, the Company and the wholly-owned subsidiary Changhong Air Conditioning have increased capital of RMB 64 million Yuan to Zhongshan Changhong according to the existing shareholding ratio, among which the capital increase of the Company was RMB 57.6 million Yuan, and the capital increase of Changhong Air Conditioning was RMB 6.4 million Yuan. After the completion of this capital increase, the registered capital Zhongshan Changhong shall increase to RMB 184 million Yuan, the shareholding ratio of the company and Changhong Air Conditioning remained unchanged and was still 90% and 10%, of which the Company invested 165.6 million Yuan, accounting for 90% of the registered capital, Changhong Air Conditioning invested 18.4 million Yuan, accounting for 10% of the registered capital.

43) Hefei Meiling Group Holding Co., Ltd (Meiling Group), was the state-owned company originally approved by People's Government of Hefei Province and established authorized by SASAC of

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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 has been verified by the [AD(2010)YZD No. 016] from Anhui Anding CPAs Co., Ltd.

44) 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 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.

45) Hefei Equator Appliance Co., Ltd.(Equator Appliance) 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.

46) Hongyuan Ground Energy Heating Pump Technology Company ("Hongyuan Ground Energy") was established as a limited liability company with joint capital contribution from Sichuan Changhong Air Conditioner Company ("Changhong Air Conditioner") and Hengyouyuan Science & Technology Development Group on 28 August 2015, with the approval from the Industrial and Commercial Administration Office of Fucheng district, Mianyang, Sichuan province. The registered capital of the company is RMB50 million, among which, RMB25.5 million is contributed by Changhong Air Conditioner in cash with shareholding proportion of 51%, and the remaining RMB24.5 million is contributed by Hengyouyuan Science & Technology Development Group in cash with shareholding proportion of 49%.

47) Meiling Candy Washing Machine Co., Ltd. ("Meiling Candy") was established on 27 April 2017

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with joint capital contribution from Hefei Meiling Co., Ltd. and Candy Hoover Group S.r.l.. Registered capital amounting to 150 million Yuan, including 90 million Yuan contributed by Hefei Meiling Co., Ltd., a 60% in total registered capital while 60 million Yuan or equivalent USD contributed by Candy Hoover Group S.r.l., a 40% in total registered capital. Ended as 30 June, the first phase contribution 30 million Yuan and 20 million Yuan are paid respectively by Hefei Meiling and Candy Hoover Group S.r.l.

48) Guangzhou Changhong Trade Co., Ltd. (“Guangzhou Changhong”) was established in line with the strategy plans and operation development requirement by Zhongshan Changhong Electric Co., LTD on 6 January 2017 with registered capital of one million Yuan. Zhongshan Changhong contributed in cash, a 100% in registered capital.

49) Zhongshan Hongling Trade Co., Ltd. (“Hongling Trade”) was established as a limited liability company by Guangdong Changhong Ridian Technology Co., Ltd. dated 5 December 2016. Registered capital amounting to one million Yuan, Guangdong Changhong Ridian Technology takes 100% equity.

(2) Major non-wholly-owned subsidiary

Subsidiary	Shareholding of minority	Gains/losses attributable to minority in the period	Dividend distributed to minority announced in the period	Balance of minority's interest at period-end
Zhongke Meiling	33.24%	986,542.54		38,507,489.75
Hongyuan Ground Energy	49.00%	2,372,403.10		12,095,380.59
Changhong Ridian	1.14%	46,439.28		1,295,378.72
Meiling Kadi	40.00%	-37,361.22		19,962,638.78

(3) Financial information for major non-wholly-owned subsidiary

Subsidiary	Ending balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Zhongke Meiling	125,050,695.49	101,526,920.98	226,577,616.47	105,715,124.36	5,000,000.00	110,715,124.36
Hongyuan Ground Energy	195,690,658.99	1,877,476.61	197,568,135.60	172,883,685.42	-	172,883,685.42
Changhong Ridian	190,122,411.51	58,864,880.48	248,987,291.99	135,812,098.27	-	135,812,098.27
Meiling Kadi	111,284,441.35	158,066.04	111,442,507.39	61,535,910.44	-	61,535,910.44

(Continued)

Subsidiary	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Zhongke Meiling	95,736,799.26	79,041,552.96	174,778,352.22	56,884,199.81	5,000,000.00	61,884,199.81
Hongyuan Ground Energy	94,131,015.35	214,113.11	94,345,128.46	74,502,317.25		74,502,317.25

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Subsidiary	Opening balance					
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity		
Changhong Ridian	201,344,325.02	59,154,559.91	260,498,884.93	151,381,017.63		151,381,017.63
Meiling Kadi	-	-	-	-	-	-

(Continued)

Subsidiary	Current period			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongke Meiling	60,567,937.18	2,968,339.70	2,968,339.70	36,565,279.44
Hongyuan Ground Energy	266,905,097.64	4,841,638.97	4,841,638.97	-9,120,688.64
Changhong Ridian	208,290,529.53	4,057,326.42	4,057,326.42	-5,939,023.08
Meiling Kadi	24,592,916.36	-93,403.05	-93,403.05	309,458.60

(Continued)

Subsidiary	Amount for the same period of last year			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongke Meiling	38,908,381.02	2,151,566.44	2,151,566.44	6,169,648.52
Hongyuan Ground Energy	34,314,113.36	-798,632.06	-798,632.06	-926,619.14
Changhong Ridian	222,027,059.04	3,034,542.05	3,034,542.05	27,949,640.51
Meiling Kadi	-	-	-	-

(4) Major limitation on using enterprise group's assets and liquidate debts of enterprise group: Nil

(5) Offering financial supporting or other supports for structured entity that included in consolidation statement scope: Nil

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2. Changes of owner' equity shares in subsidiary and its impacts

Item	Changchun Meiling	zhengzhou Meiling	Shijiazhuang Meiling	Mianyang Meiling	Fuzhou Meiling	Nanjing Meiling	Hangzhou Meiling	Chongqing Meiling	Kunming Huidian	Nantong Meiling	Harbin Meiling	Beijing Meiling	Total
Original ratio of shares held	97.00%	95.00%	95.33%	93.80%	99.00%	99.00%	95.00%	98.00%	95.50%	92.00%	95.00%	99.00%	
Equity purchased from minority	3.00%	5.00%	4.67%	6.20%	1.00%	1.00%	5.00%	2.00%	2.00%	8.00%	5.00%	1.00%	
Ratio of shares held at period-end	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	97.50%	100.00%	100.00%	100.00%	
Cash	1	3	1	5	1	1	1	1	4	1	1	1	21.00
Acquisition cost/total disposal consideration	1	3	1	5	1	1	1	1	4	1	1	1	21.00
Less: net assets of subsidiary measured by equity shares obtained by disposed	-170,960.56	-769,777.59	-97,449.94	412,939.38	-119,653.94	-117,860.92	-735,435.01	-48,991.17	-20,037.95	-441,685.90	-156,586.55	-381,676.73	-2,647,176.88
Balance	170,961.56	769,780.59	97,450.94	-412,934.38	119,654.94	117,861.92	735,436.01	48,992.17	20,041.95	441,686.90	156,587.55	381,677.73	2,647,197.88
Including: Capital public reserve adjusted	-170,961.56	-769,780.59	-97,450.94	412,934.38	-119,654.94	-117,861.92	-735,436.01	-48,992.17	-20,041.95	-441,686.90	-156,587.55	-381,677.73	-2,647,197.88

The balance between the newly achieved long-term equity investment by purchasing stock rights of minority shareholders of some marketing subsidiaries and the net asset shares held by the subsidiary continuously calculated from the purchase date and calculated by the newly increased shareholding ratio was -2,647,197.88 Yuan, and should be included in the capital reserve.

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3. Equity in joint venture or affiliated enterprise

(1) Major joint venture or affiliated enterprise

Joint venture or affiliated enterprise	Main office place	Register place	Business nature	Share holding (%)		Accounting treatment for investment of joint venture or affiliated enterprise
				Directly	Indirectly	
Affiliated enterprise:						
1.ChanghongRubaElectricCompany (Private)Ltd.	Lahore, Pakistan	Lahore	Manufactures, sales		40.00	Equity
2.Hefei Xingmei Assets Management Co., Ltd.	Hefei	Hefei	Rental, agency	48.28		Equity
3.Sichuan Zhiyijia Network Technology Co., Ltd.	Mianyang	Mianyang	Sales	30.00		Equity
4.Hongyuan Dineng Rebao Technology Co. Ltd.	Mianyang	Mianyang	R & D, sales, after-sales		49.00	Equity
5.Sichuan Tianyou Guigu Technology Co., Ltd.	Mianyang	Mianyang	Manufactures, sales		25.00	Equity
6.Chengdu Guigu Environment Technology Co., Ltd.	Chengdu	Chengdu	Manufactures, sales		25.00	Equity

(2) Financial information for major Joint venture: Nil

(3) Financial information for affiliated enterprise

Item	Ending balance /Current period					
	ChanghongRubaElectricCompany(Private)Ltd.	Hefei Xingmei Assets Management Co.,Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hongyuan Dineng Rebao Technology Co. Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.	Chengdu Guigu Environment Technology Co., Ltd.
Current assets:	106,622,727.23	3,794,894.67	1,767,413,320.51	108,375,007.35	11,803,904.00	37,397,817.27
Including: cash and cash equivalent	862,247.27	3,737,574.67	525,244,514.18	536,417.51	6,302,339.05	25,814,460.87
Non-current assets	81,040,087.59	22,419,345.68	13,977,775.32	4,042,220.08	25,380,204.84	14,467,194.33
Total assets	187,662,814.82	26,214,240.35	1,781,391,095.83	112,417,227.43	37,184,108.84	51,865,011.60
Current liability	101,018,008.57	1,603,225.17	1,730,935,643.69	59,301,986.01	606,786.89	9,124,966.94
Non-current liability	-	-	1,400,000.00	-	1,511,363.63	243,750.00
Total liabilities	101,018,008.57	1,603,225.17	1,732,335,643.69	59,301,986.01	2,118,150.52	9,368,716.94
Minority's interest	-	-	-	104,684.88	-	-
Equity attributable to shareholder of parent company	86,644,806.25	24,611,015.18	49,055,452.14	53,010,556.54	35,065,958.32	42,496,294.66
Share of net assets measured by shareholding	34,657,922.50	11,882,198.13	14,716,635.63	25,975,172.70	8,766,489.58	10,624,073.66
Adjustment time	-	-	-	-	-	-
-Goodwill	-	-	-	-	-	-

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Unrealized profit of the internal downstream transactions	5,544,313.98	-	7,572,751.93	3,245,444.30	12,057.40	178.89
Unrealized profit of the internal upstream transactions	517,388.80	-	-	-	-	-
Other	-	-	-	-	-	-
Book value of the equity investment for affiliate	29,113,608.52	11,882,198.13	7,143,883.70	22,729,728.40	8,754,432.18	10,623,894.77
Fair value of equity investment for the affiliates with consideration publicly	-	-	-	-	-	-
Operation income	130,908,878.06	74,174.75	1,824,770,956.91	24,702,679.10	513,414.56	2,635,882.58
Financial expenses	191,224.13	-5,430.52	-11,144,192.28	69,906.80	-310,264.28	-76,340.87
Income tax expenses	-	-	7,230,229.39	-	-	-
Net profit	-632,619.48	-1,061,727.97	12,060,219.73	-71,775.81	-304,136.00	-3,422,217.75
Net profit of discontinuing operation	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-
Dividend received from affiliates in the Year	-	-	-	-	-	-

(Continued)

Item	Opening balance /Amount for the same period of last Year				
	Changhong Ruba Electric Company (Private) Ltd	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hongyuan Dineng Rebao Technology Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.
Current assets:	53,816,804.37	4,306,112.28	1,082,166,887.90	110,218,752.45	46,813,516.00
Including: cash and cash equivalent	3,218,558.81	4,230,072.28	432,181,490.05	3,089,747.24	36,370,617.75
Non-current assets	87,139,096.04	22,951,140.57	14,581,224.90	4,316,949.46	42,568,210.38
Total assets	140,955,900.41	27,257,252.85	1,096,748,112.80	114,535,701.91	89,381,726.38
Current liability	51,373,683.63	1,584,509.70	1,058,052,880.39	61,339,639.80	54,110,854.39
Non-current liability			1,700,000.00		4,078,409.09
Total liabilities	51,373,683.63	1,584,509.70	1,059,752,880.39	61,339,639.80	58,189,263.48
Minority's interest				113,729.76	
Equity attributable to shareholder of parent company	89,582,216.78	25,672,743.15	36,995,232.41	53,082,332.35	31,192,462.90
Share of net assets measured by shareholding	35,832,886.70	12,394,800.39	11,098,569.71	26,010,342.85	7,798,115.73
Adjustment time					
-Goodwill					
Unrealized profit of the internal downstream transactions	6,783,242.24		1,718,196.04	3,239,277.40	15,398.22
Unrealized profit of the internal upstream transactions	265,029.89				
Other					

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Book value of the equity investment for affiliate	29,314,674.36	12,394,800.39	9,380,373.67	22,771,065.45	7,782,717.50
Fair value of equity investment for the affiliates with consideration publicly					
Operation income	70,462,882.13	844,579.58	1,558,745,387.54	90,683,257.48	4,030,586.19
Financial expenses	100,521.40	-3,138.37	-4,722,600.31	-24,436.43	-310,111.90
Income tax expenses	-	-	1,997,985.96	-	-
Net profit	-2,017,456.15	-116,030.74	9,003,340.70	-4,238,296.19	-2,700,889.12
Net profit of discontinuing operation					
Other comprehensive income					
Total comprehensive income					
Dividend received from affiliates in the Year					

(4) Financial summary for non-important Joint venture and affiliate enterprise

Item	Ending balance / Current period	Opening balance / Amount for the same period of last Year
Affiliate:		
Total book value of investment		
Total amount measured by shareholding ratio		
--net profit	-4,967,426.56	-1,831,541.72
--Other comprehensive income		
-- Total comprehensive income	-4,967,426.56	-1,831,541.72

(5) Major limitation on capital transfer ability to the Company from joint venture or affiliates: Nil

(6) Excess loss occurred in joint venture or affiliates: Nil

(7) Unconfirmed commitment with joint venture investment concerned: Nil

(8) Intangible liability with joint venture or affiliates investment concerned: Nil

4. Major conduct joint operation: Nil

5. Structured body excluding in consolidate financial statement: Nil

IX. Relevant risks related with financial instrument

The major financial instruments of the Company include borrowings, account receivables, account payables, transactional financial assets, transactional financial liabilities, the details of which are set out in Note 6. Risks related to these financial instruments include exchange risks and interest rate risks. The management of the Company controls and monitors the risk exposures to ensure the above risks are under control.

In connection with exchange risks, in order to prevent from exchange risks arising from foreign currency transaction amount, foreign currency dominated loans and interest expenditure, the Company

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entered into several forward exchange contracts with banks. Fair value of the forward exchange contract which has been recognized as derivative financial instrument as of 31 December 2016 has been included in profits and losses. As export business is increasing, if risks that are out of control of the Company occur such as appreciation of RMB, the Company will mitigate the relevant risks by adjusting its sales policy.

The Company's interest rate risk arises from bank borrowings and interest-bearing debt. Financial liabilities at floating rate expose the Company to cash flow interest rate risk, and financial liabilities at fixed rate expose the Company to fair value interest rate risk. The Company will determine the respective proportion of contracts at fixed and floating rates based on the prevailing market conditions. As of 30 June 2017, the interest-bearing debts mainly referred to borrowing contracts at floating rate denominated in RMB with total amount of 1,215,413,395.00, borrowing contracts at fixed rate denominated in USD with total amount of 273,008,320.00, borrowing contracts at fixed rate denominated in EURO with total amount of 197,660,986.07. Risks relating to change of fair value of financial instruments arising from movement of interest rate mainly related to bank borrowings at fixed rate. As for borrowings at fixed rate, the Company aims to keep its floating rate. Risks relating to change of cash flow of financial instruments arising from movement of interest rate mainly related to bank borrowings at floating rate. The Company establishes its policy to keep floating rate for these borrowings so as to eliminate fair value risk arising from movement of interest rate.

X. Fair value

1. Asset and liability measured by fair value at end of the period and fair value measurement level

Item	Fair value at period-end			
	1 st level	2 nd level	3 rd level	Total
Financial assets measured by fair value and with variation reckoned into current gains/losses				
1. Transactional financial assets				
(1) Derivative financial assets		10,813,272.50		10,813,272.50
Financial liabilities measured by fair value and with variation reckoned into current gains/losses				
1. Transactional financial liabilities				
(1) Derivative financial liabilities		9,671,394.08		9,671,394.08

The derivative contract is measured by fair value on 2nd level, which is the real-time quote on foreign exchange market on balance sheet date.

XI. Related parties and related transaction

(I) Relationship of related parties

1. Controlling shareholder and ultimate controller

(1) Controlling shareholder and ultimate controller

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Controlling shareholder and ultimate controller	Type of entity	Place of registration	Nature of business	Legal representative	Organization code
Sichuan Changhong Electric Co., LTD	Mianyang	Manufacture and sales	4,616,244,222	25.10%	25.10%

Sichuan Changhong Electronic Holding Group is the controlling shareholder of Sichuan Changhong Appliances, and the SASAC Mianyang office holds 100.00% equity interests of Sichuan Changhong Electronic Holding Group, which means that SASAC Mianyang office is the ultimate controller of the Company.

(2) Register capital and change thereof of controlling shareholder

Controlling shareholder	Opening balance	Increase during the period	Decrease during the period	Ending balance
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

Controlling shareholder	Amount of shares held		Shareholding ratio (%)	
	Ending balance	Opening balance	Ratio at period-end	Ratio at year-begin
Sichuan Changhong Electric Co., LTD	262,171,365	259,871,791	25.10%	24.88%

2. Subsidiary

Found more in Note “VIII. 1 (1) Enterprise group composition”

3. Joint venture and affiliated enterprise

Major Joint venture and affiliated enterprise of the Company found more in Note “VIII. 3 (1) major joint venture and affiliated enterprise”. Other Joint venture and affiliated enterprise that have related transactions occurred with the Company in the Year or occurred in last period, and with balance results:

Joint venture and affiliated enterprise	Relationship
Hefei Meiling Sole Energy Technology Co., Ltd.	Affiliated enterprise of Subsidiary Meiling Group
ChanghongRubaElectricCompany(Private)Ltd.	Affiliated enterprise of Subsidiary Zhongshan Changhong
Hefei Xingmei Assets Management Co., Ltd.	Affiliated enterprise of the Company
Sichuan Zhiyijia Network Technology Co., Ltd.	Affiliated enterprise of the Company, sharing the same controlling shareholder with the Company and actual controller
Hongyuan Dineng Rebao Technology Co. Ltd.	Affiliated enterprise of Subsidiary Changhong Air-conditioning
Sichuan Tianyou Guigu Technology Co., Ltd.	Affiliated enterprise of Subsidiary Changhong Air-conditioning
Chengdu Guigu Environment Technology Co., Ltd.	Affiliated enterprise of Subsidiary Changhong Air-conditioning

4. Other related parties

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Other related parties	Relationship
CHANGHONG(HK)TRADINGLIMITED	Control by same controlling shareholder and ultimate controller
CHANGHONGELECTRIC(AUSTRALIA)	Control by same controlling shareholder and ultimate controller
CHANGHONGELECTRICMIDDLEEASTFZE	Control by same controlling shareholder and ultimate controller
PT.CHANGHONGELECTRICINDONESIA	Control by same controlling shareholder and ultimate controller
Chengdu Changhong Electronic Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guangdong Changhong Electronics Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guangdong Changhong Device Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guangyuan Changhong Electronics Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Hefei Changhong Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Huayi Compressor Co., Ltd.	Control by same controlling shareholder and ultimate controller
Lejiayi Chain Management Co., Ltd.	Control by same controlling shareholder and ultimate controller
Mianyang Technology Town Big Data Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongwei Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongxin Software Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Package Printing Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Innovation Investments Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Diandianbang Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Power Source Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Electronic Products Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Electronic System Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Energy Sunshine Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jijia Fine Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Minsheng Logistics Co., LTD	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Devices Technology Co., Ltd.	Control by same controlling shareholder and ultimate

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Other related parties	Relationship
	controller
Sichuan Changhong Network Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong New Energy Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Wisdom Health Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Property Co., Ltd.	Control by same controlling shareholder and ultimate controller
Changhong International Holdings (Hong Kong) Co., Ltd.	Control by same controlling shareholder and ultimate controller
BVCH Optronics (Sichuan) Co., Ltd.	Control by same controlling shareholder and ultimate controller
Orion PDP Co.,ltd	Control by same controlling shareholder and ultimate controller
Anhui Xinhao PDP Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guangyuan Hongcheng Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
081 Electronic Group	Control by same controlling shareholder and ultimate controller
Sichuan Ailian Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongcheng Real Estate Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongcheng Construction Engineering Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Huafeng Enterprise Group Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Huanyu Industrial Co. Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Jiahong Industry Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Electronic Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong International Hotel Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong International Travel Agency Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Group Finance Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Educational Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Property Service Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Xinrui Technology Co., Ltd	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Yibing Hongxing Electronics Co., Ltd.	Control by same controlling shareholder and ultimate controller

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Other related parties	Relationship
Sichuan Hongyu Metal Manufacture Co., Ltd.	Affiliate enterprise of controlling shareholder
Sichuan Changxin Refrigeration Parts Co., Ltd.	Affiliate enterprise of controlling shareholder
Mianyang Highly Electric Co., Ltd.	Affiliate enterprise of controlling shareholder
Sichuan Changhe Technology Co., Ltd.	Affiliate enterprise of controlling shareholder
Sichuan Jiashibang Electric Service Co., Ltd.	Affiliate enterprise of controlling shareholder
Hengyouyuan Technology Development Group Co., Ltd.	The investor has major influence on the subsidiary

(II) Related transactions

1. Purchasing commodity

Related parties	Content	Current period (10 thousand Yuan)	Amount for the same period of last Year (10 thousand Yuan)
Sichuan Changhong Electric Co., Ltd.	Purchasing commodity	20,358.26	7,972.57
Huayi Compressor Co., Ltd.	Purchasing commodity	22,954.46	23,598.51
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Purchasing commodity	32,589.07	24,724.78
Sichuan Changhong Jijia Fine Co., Ltd.	Purchasing commodity	15,533.97	11,425.50
Sichuan Changhong Package Printing Co., Ltd.	Purchasing commodity	5,360.60	2,819.62
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Purchasing commodity	748.78	471.03
Sichuan Jiahong Industry Co., Ltd.	Purchasing commodity		2.91
Sichuan Changhong New Energy Tech. Co., Ltd.	Purchasing commodity	0.71	16.18
081 Electronic Group	Purchasing commodity	235.55	165.29
Sichuan Changhong Devices Technology Co., Ltd.	Purchasing commodity		2,578.26
Guangdong Changhong Electronics Co., Ltd.	Purchasing commodity	663.79	561.62
CHANGHONG(HK)TRADINGLIMITED	Purchasing commodity		179.34
Sichuan Changhong Energy Sunshine Technology Co., Ltd.	Purchasing commodity		0.57
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchasing commodity	86.44	46.93
Sichuan Changhong Xinrui Technology Co., Ltd.	Purchasing commodity	4,901.96	2,874.03
Sichuan Changhong Power Source Co., Ltd.	Purchasing commodity		3.68
Sichuan Hongwei Technology Co., Ltd.	Purchasing commodity		4.92
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing commodity	0.92	1.32

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Related parties	Content	Current period (10 thousand Yuan)	Amount for the same period of last Year (10 thousand Yuan)
Sichuan Huafeng Enterprise Group Co., Ltd.	Purchasing commodity	1.40	
Sichuan Changhong Electronic Products Co., Ltd.	Purchasing commodity	2,403.23	
Sichuan Ailian Technology Co., Ltd.	Purchasing commodity	434.57	
Sichuan Changhong Educational Technology Co., Ltd.	Purchasing commodity	5.03	
Sichuan Hongyu Metal Manufacture Co., Ltd.	Purchasing commodity	63.52	6.97
Sichuan Changhe Technology Co., Ltd.	Purchasing commodity	431.07	308.60
Sichuan Changxin Refrigeration Parts Co., Ltd.	Purchasing commodity	21,212.11	11,569.40
Mianyang Highly Electric Co., Ltd.	Purchasing commodity	18,335.82	11,853.60
Mianyang Hongrun Electronics Co., Ltd.	Purchasing commodity		583.74
Hongyuan Dineng Rebao Technology Co. Ltd.	Purchasing commodity		7,981.68
Sichuan Tianyou Guigu Technology Co., Ltd.	Purchasing commodity		175.02
Chengdu Guigu Environment Technology Co., Ltd.	Purchasing commodity	3.28	
Total		146,324.54	109,926.07

2. Labor service receive

Related parties	Content	Current period	Amount for the same period of last Year
Sichuan Changhong Electric Co., Ltd.	Labor service receive	8,164,963.58	12,247,946.22
Sichuan Changhong Electronics Holding Group Co., Ltd.	Labor service receive	23,035.00	9,235.00
Sichuan Changhong Minsheng Logistics Co., LTD	Labor service receive	251,485,024.96	179,284,102.84
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Labor service receive	73,918,850.99	54,735,610.51
Sichuan Hongxin Software Co., Ltd.	Labor service receive	632,000.00	37,735.85
Guangdong Changhong Electronics Co., Ltd.	Labor service receive	308,552.78	298,128.51
Sichuan Jiahong Industry Co., Ltd.	Labor service receive	236,642.41	148,240.81
Sichuan Changhong International Hotel Co., Ltd.	Labor service receive	83,082.01	81,913.94
CHANGHONG(HK)TRADINGLIMITED	Labor service receive	237,531.09	97,468.90
Sichuan Changhong International Travel Agency Co., Ltd.	Labor service receive	31,250.00	

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Sichuan Changhong Property Service Co., Ltd.	Labor service receive	386,219.15	
Sichuan Hongwei Technology Co., Ltd.	Labor service receive	206,683.02	
Sichuan Zhiyijia Network Technology Co., Ltd.	Labor service receive	155,943.39	
Lejiayi Chain Management Co., Ltd.	Labor service receive	22,641.51	
Sichuan Changhong Network Tech. Co., Ltd.	Labor service receive	5,743.71	
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Labor service receive	196,581.20	
Sichuan Changhong Jijia Fine Co., Ltd.	Labor service receive	1,794.87	
Total		336,096,539.67	246,940,382.58

3. Purchase of fuels and energy

Related parties	Content	Current period	Amount for the same period of last Year
Sichuan Changhong Electric Co., Ltd.	Receive fuels and energy	6,950,453.59	6,045,488.65
Sichuan Changhong Electronics Holding Group Co., Ltd.	Receive fuels and energy		10,243.00
Huayi Compressor Co., Ltd.	Receive fuels and energy		262,087.18
Guangdong Changhong Electronics Co., Ltd.	Receive fuels and energy	498,792.14	570,996.81
Sichuan Jiahong Industry Co., Ltd.	Receive fuels and energy	4,781.60	7,135.70
Sichuan Changhong Property Service Co., Ltd.	Receive fuels and energy	10,928.55	
Total		7,464,955.88	6,895,951.34

4. Sales of goods/ labor service providing

Related parties	Content	Current period (10 thousand Yuan)	Amount for the same period of last Year (10 thousand Yuan)
Sichuan Changhong Electric Co., Ltd.	Sales of goods	84,180.47	53,934.25
Sichuan Changhong Electronics Holding Group Co., Ltd.	Sales of goods	99.47	148.47
Sichuan Changhong Jijia Fine Co., Ltd.	Sales of goods	3,774.84	2,269.56
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Sales of goods	5,503.42	8,989.13
Lejiayi Chain Management Co., Ltd.	Sales of goods	173.06	176.06

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Related parties	Content	Current period (10 thousand Yuan)	Amount for the same period of last Year (10 thousand Yuan)
PT.CHANGHONGELECTRICINDONESIA	Sales of goods	0.49	
CHANGHONG(HK)TRADINGLIMITED	Sales of goods	24,741.31	36,112.72
CHANGHONGELECTRIC(AUSTRALIA)	Sales of goods	847.30	10.66
Sichuan Hongwei Technology Co., Ltd.	Sales of goods	8.95	0.61
Sichuan Changhong Devices Technology Co., Ltd.	Sales of goods		0.17
Sichuan Changhong Minsheng Logistics Co., LTD	Sales of goods	108.76	58.92
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Sales of goods	559.66	285.23
Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Sales of goods	759.82	364.88
Hefei Changhong Industrial Co., Ltd.	Sales of goods	2.11	104.71
Sichuan Huafeng Enterprise Group Co., Ltd.	Sales of goods	0.26	15.58
Sichuan Zhiyijia Network Technology Co., Ltd.	Sales of goods	98,589.85	66,360.65
Sichuan Changhong Property Co., Ltd.	Sales of goods	5.97	3.70
Anhui Xinhao PDP Co., Ltd.	Sales of goods		5.13
Sichuan Changhong Network Tech. Co., Ltd.	Sales of goods	8.71	0.61
Chengdu Changhong Electronic Technology Co., Ltd.	Sales of goods		1.55
Sichuan Changhong Wisdom Health Technology Co., Ltd.	Sales of goods	0.36	0.30
Sichuan Changhong Property Service Co., Ltd.	Sales of goods	2.05	
Guangdong Changhong Electronics Co., Ltd.	Sales of goods		0.14
Sichuan Huanyu Industrial Co. Ltd.	Sales of goods	12.10	0.42
Sichuan Changhong Xinrui Technology Co., Ltd	Sales of goods	1.89	75.89
Orion PDP Co.,Ltd	Sales of goods	961.52	
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Sales of goods	1.12	0.23
Mianyang Technology Town Big Data Technology Co., Ltd.	Sales of goods	0.29	
BVCH Optronics (Sichuan) Co., Ltd.	Sales of goods	1.28	
Sichuan Changhong Electronic Products Co., Ltd.	Sales of goods	9.04	
Sichuan Changhong Group Finance Co., Ltd.	Sales of goods	1.59	
Sichuan Changhong Package Printing Co., Ltd.	Sales of goods	1.76	
Sichuan Changhong Power Source Co., Ltd.	Sales of goods	35.17	
Sichuan Changhong Educational Technology Co., Ltd.	Sales of goods	1.63	
081 Electronic Group	Sales of goods	4.46	
Guangyuan Changhong Electronics Technology Co., Ltd.	Sales of goods	39.05	
Sichuan Ailian Technology Co., Ltd.	Sales of goods	19.22	
Sichuan Changhong Innovation Investments Co., Ltd.	Sales of goods	0.02	
Guangyuan Hongcheng Industrial Co., Ltd.	Sales of goods	0.10	
Sichuan Changhong Energy Sunshine Technology Co., Ltd.	Sales of goods	0.12	

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Related parties	Content	Current period (10 thousand Yuan)	Amount for the same period of last Year (10 thousand Yuan)
Sichuan Changhong Electronic Technology Co., Ltd.	Sales of goods	0.42	
Sichuan Hongxin Software Co., Ltd.	Sales of goods	0.62	
Sichuan Hongcheng Real Estate Co., Ltd.	Sales of goods	0.75	
Sichuan Changhong New Energy Tech. Co., Ltd.	Sales of goods	64.70	
Sichuan Changhong Electronic System Co., Ltd.	Sales of goods	3.23	
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Sales of goods	8.86	
Changhong International Holdings (Hong Kong) Co., Ltd.	Sales of goods	0.05	
Sichuan Changxin Refrigeration Parts Co., Ltd.	Sales of goods	5,863.82	3,962.85
Hongyuan Dineng Rebao Technology Co. Ltd.	Sales of goods	1,040.01	12,126.08
Sichuan Tianyou Guigu Technology Co., Ltd.	Sales of goods	36.18	210.02
ChanghongRubaElectricCompany(Private)Ltd.	Sales of goods	1,122.42	3,524.40
Total		228,598.28	188,742.92

Businesses between the Company and its connected persons are generally conducted under market operation rules as if they were the same as other business counterparties. For price of sale or purchase and provision of other labor service between the Company and its related parties, the state pricing is applicable if the pricing do exists; in case of absence of such state pricing, price is determined under market price; in case of absence of such market price, price is determined by both parties at actual cost plus reasonable expenses; for some special services, the price of which cannot be determined under the rule of cost plus expense, the price shall be determined by both parties by negotiation.

5. Fuel and energy providing

Related parties	Content	Current period	Amount for the same period of last Year
Guangdong Changhong Electronics Co., Ltd.	Fuel and energy providing	51,666.51	292,821.41
Sichuan Changhong Minsheng Logistics Co., LTD	Fuel and energy providing	10,848.03	20,229.17
Sichuan Hongwei Technology Co., Ltd.	Fuel and energy providing	71.89	
Sichuan Changhong Devices Technology Co., Ltd.	Fuel and energy providing	333,399.12	136,553.66
Sichuan Changhong Jijia Fine Co., Ltd.	Fuel and energy providing	13,781.32	65,288.54
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Fuel and energy providing	2,030,399.35	3,010,107.37
Hefei Changhong Industrial Co., Ltd.	Fuel and energy providing	9,677.31	
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Fuel and energy providing	1,964.92	
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Fuel and energy providing	2,269.46	

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

From 1 January 2017 to 30 June 2017

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

Related parties	Content	Current period	Amount for the same period of last Year
Total		2,454,077.91	3,525,000.15

6. Related rental

(1) Renting

Lessor	Lessee	Type of assets	Leasing income in this period	Leasing income in the same period of last year
Hefei Meiling Co., Ltd.	Sichuan Changhong Jijia Fine Co., Ltd.	Plant	253,680.00	
Hefei Meiling Co., Ltd.	Sichuan Changhong Jijia Fine Co., Ltd.	Warehouse		14,060.38
Hefei Meiling Co., Ltd.	Sichuan Changhong Jijia Fine Co., Ltd.	Forklift truck		442.45
Hefei Meiling Co., Ltd.	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Plant	702,270.00	
Hefei Meiling Co., Ltd.	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Apartment	152,224.76	
Hefei Meiling Co., Ltd.	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Warehouse		34,301.89
Hefei Meiling Co., Ltd.	Sichuan Changhong Minsheng Logistics Co., LTD	Office	10,608.00	
Hefei Meiling Co., Ltd.	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Apartment	106,491.41	
Hefei Meiling Co., Ltd.	Sichuan Changhong Xinrui Technology Co., Ltd	Forklift truck	2,016.51	390.57
Hefei Meiling Co., Ltd.	Sichuan Changhong Xinrui Technology Co., Ltd	Warehouse	14,867.93	12,226.42
Hefei Meiling Co., Ltd.	Sichuan Changhe Technology Co., Ltd.	Warehouse	5,458.49	1,833.96
Hefei Meiling Co., Ltd.	Hefei Changhong Industrial Co., Ltd.	Apartment	87,680.00	
Hefei Meiling Co., Ltd.	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Apartment	15,657.14	
Changhong Air-conditioner	BVCH Optonics (Sichuan) Co., Ltd.	Freight elevator	52,480.00	63,720.00
Changhong Air-conditioner	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Machinery equipment	25,433.40	
Changhong Air-conditioner	Sichuan Changhong Jijia Fine Co., Ltd.	Driving	7,000.00	
Zhongshan Changhong	Guangdong Changhong Electronics Co., Ltd.	2#living area	59,606.04	3,889.43
Zhongshan Changhong	Sichuan Changhong Minsheng Logistics Co., LTD	Warehouse		100,000.00
Zhongshan Changhong	Guangdong Changhong Electronics Co., Ltd.	Trade Center		402,298.16
Zhongshan Changhong	Sichuan Changhong Minsheng Logistics Co., LTD	Trade Center		20,006.99

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

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

Lessor	Lessee	Type of assets	Leasing income in this period	Leasing income in the same period of last year
Jiangxi Meiling	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Plant	237,432.38	241,197.71
Changhong Ridian	Sichuan Changhong Minsheng Logistics Co., LTD	Plant	514,072.40	515,462.10
Changhong Ridian	Sichuan Changhong Devices Technology Co., Ltd.	Plant	463,469.00	418,624.00
Changhong Ridian	Sichuan Hongwei Technology Co., Ltd.	Plant	35,218.29	
Mianyang Refrigeration	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Warehouse		32,943.40
Mianyang Refrigeration	Sichuan Changhe Technology Co., Ltd.	Warehouse		113.21
Mianyang Refrigeration	Sichuan Changxin Refrigeration Parts Co., Ltd.	Warehouse		113.21
Total			2,745,665.75	1,861,623.88

(2) Lessee of related parties

Lessor	Lessee	Type of assets	Leasing expense in this period	Leasing expense in the same period of last year
Sichuan Changhong Electric Co., Ltd.	Changhong Air-conditioner	Workshop		2,204,901.44
Sichuan Changhong Electric Co., Ltd.	Changhong Air-conditioner	Office		46,951.52
Sichuan Changhong Electronics Holding Group Co., Ltd.	Changhong Air-conditioner	Building	33,310.74	51,912.42
Sichuan Changhong Property Service Co., Ltd.	Changhong Air-conditioner	Workshop	908,313.35	
Guangdong Changhong Electronics Co., Ltd.	Changhong Air-conditioner	Staff dormitory	4,763.20	
Chengdu Changhong Electronic Technology Co., Ltd.	Changhong Air-conditioner	Office	84,765.80	
Sichuan Changhong Electric Co., Ltd.	Mianyang Refrigeration	Workshop leasing	583,939.82	
Sichuan Changhong Electronics Holding Group Co., Ltd.	Mianyang Refrigeration	Staff dormitory	3,280.00	2,080.00
Sichuan Changhong Electric Co., Ltd.	Appliance marketing	Office		354,901.77
Sichuan Changhong Electric Co., Ltd.	Beijing Meiling	Office		89,128.50
Sichuan Changhong Electric Co., Ltd.	Nanjing Meiling	Office	10,584.72	
Sichuan Changhong Property Service Co., Ltd.	Changmei Technology	Office	13,207.55	
Chengdu Changhong Electronic Technology Co., Ltd.	Changmei Technology	Office	80,048.73	
Guangdong Changhong Electronics Co., Ltd.	Changhong Ridian	Staff dormitory	30,975.80	279,543.46
Total			1,753,189.71	3,029,419.11

7. Related guarantee

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

Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	End	Completed (Y/N)
Hefei Meiling Co., Ltd.	Zhongshan Changhong	5,000.00	2016.08.05	2017.08.04	N
Hefei Meiling Co., Ltd.	Zhongshan Changhong	5,000.00	2016.10.28	2017.10.28	N
Hefei Meiling Co., Ltd.	Zhongshan Changhong	6,000.00	2017.01.03	2018.01.03	N
Hefei Meiling Co., Ltd.	Zhongshan Changhong	5,500.00	2017.01.22	2018.01.22	N
Hefei Meiling Co., Ltd.	Zhongshan Changhong	20,000.00	2017.03.01	2018.03.31	N
Hefei Meiling Co., Ltd.	Zhongshan Changhong	10,000.00	2017.03.29	2018.03.29	N
Hefei Meiling Co., Ltd.	Changhong Ridian	4,500.00	2016.05.05	2017.05.05	N
Hefei Meiling Co., Ltd.	Changhong Ridian	2,000.00	2016.09.01	2017.09.01	N
Hefei Meiling Co., Ltd.	Changhong Ridian	2,000.00	2017.06.13	2017.09.01	N
Hefei Meiling Co., Ltd.	Zhongke Meiling	2,000.00	2017.02.16	2018.01.05	N
Hefei Meiling Co., Ltd.	Zhongke Meiling	1,000.00	2017.06.23	2018.06.22	N
Counter guarantee:					
Zhongshan Changhong	Hefei Meiling Co., Ltd.	5,000.00	2016.08.05	2017.08.04	N
Zhongshan Changhong	Hefei Meiling Co., Ltd.	5,000.00	2016.10.28	2017.10.28	N
Zhongshan Changhong	Hefei Meiling Co., Ltd.	6,000.00	2017.01.03	2018.01.03	N
Zhongshan Changhong	Hefei Meiling Co., Ltd.	5,500.00	2017.01.22	2018.01.22	N
Zhongshan Changhong	Hefei Meiling Co., Ltd.	20,000.00	2017.03.01	2018.03.31	N
Zhongshan Changhong	Hefei Meiling Co., Ltd.	10,000.00	2017.03.29	2018.03.29	N
Changhong Ridian	Hefei Meiling Co., Ltd.	4,500.00	2016.05.05	2017.05.05	N
Changhong Ridian	Hefei Meiling Co., Ltd.	2,000.00	2016.09.01	2017.09.01	N
Changhong Ridian	Hefei Meiling Co., Ltd.	2,000.00	2017.06.13	2017.09.01	N
Zhongke Meiling	Hefei Meiling Co., Ltd.	2,000.00	2017.02.16	2018.01.05	N
Zhongke Meiling	Hefei Meiling Co., Ltd.	1,000.00	2017.06.23	2018.06.22	N

8. Assets transfer, debt restructuring of related parties

Related parties	Type	Current period	Amount for the same period of last year
Sichuan Changhong Electric Co., Ltd.	Purchase and construction of fixed assets	25,000.00	216,211.27
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchase and construction of fixed assets	13,629,166.26	
Sichuan Hongxin Software Co., Ltd.	Purchase and construction of fixed	1,895,509.44	188,679.25

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From 1 January 2017 to 30 June 2017

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

Related parties	Type	Current period	Amount for the same period of last year
	assets		
Sichuan Hongcheng Construction Engineering Co., Ltd.	Purchasing fixed assets	3,688,920.36	
Sichuan Hongcheng Real Estate Co., Ltd.	Purchasing fixed assets	509,433.94	
Sichuan Hongwei Technology Co., Ltd.	Purchasing fixed assets		1,110,261.19
Sichuan Hongxin Software Co., Ltd.	Purchase of intangible assets		149,292.45
Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Fixed assets sold		31,091.89

9. Related transaction with Changhong Finance Company

(1) Saving balance

Company	Opening balance	Ending balance	Income from bank saving
Hefei Meiling Co., Ltd.	1,269,669,769.16	770,376,202.99	7,605,780.39
Sichuan Changhong Air-conditioner Co., Ltd.	419,338,790.38	502,791,520.88	7,453,833.28
Zhongshan Changhong Electric Co., LTD	67,318,559.05	102,644,880.25	296,153.11
Hefei Meiling Group Holdings Limited	1,185,381.05	101,771,524.73	12,143.68
Mianyang Meiling Refrigeration Co., Ltd.	60,008.27	3,987,404.56	5,807.24
Zhongke Meiling Cryogenic Technology Co., Ltd.	25,450,411.46	17,294,389.52	83,978.06
Jiangxi MeiLing Electric Appliance Co., Ltd.		405,000,000.00	7,198.58
Guangdong Changhong Ridian Technology Co., Ltd.	125,819,243.83	1,370,298.23	511,270.45
Total	1,908,842,163.20	1,905,236,221.16	15,976,164.79

(2) Notes discounted

Company	Bank acceptance book discounted amount	Bank acceptance discounted amount	Expenses of discounted
Hefei Meiling Co., Ltd.	508,958,028.25	502,739,694.94	6,218,333.31
Sichuan Changhong Air-conditioner Co., Ltd.	513,290,861.30	507,593,215.01	5,697,646.29
Mianyang Meiling Refrigeration Co., Ltd.	4,000,000.00	3,971,666.67	28,333.33
Jiangxi MeiLing Electric Appliance Co., Ltd.	205,000,000.00	205,000,000.00	
Total	1,231,248,889.55	1,219,304,576.62	11,944,312.93

(3) Notes issued

Company	Issuing unit	Note amount	Type
Hefei Meiling Co., Ltd.	Sichuan Changhong Finance Co., Ltd. Group	99,403,000.00	Bank acceptance
Sichuan Changhong Air-conditioner Co., Ltd.	Sichuan Changhong Finance Co., Ltd. Group	626,539,394.79	Bank acceptance

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Zhongshan Changhong Electric Co., LTD	Sichuan Changhong Group Finance Co., Ltd.	282,638,177.49	Bank acceptance
Mianyang Meiling Refrigeration Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	5,233,311.20	Bank acceptance
Zhongke Meiling Cryogenic Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	17,277,060.00	Bank acceptance
Guangdong Changhong Ridian Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	7,490,730.08	Bank acceptance
Jiangxi MeiLing Electric Appliance Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	200,000,000.00	Bank acceptance
Total		1,238,581,673.56	

(4) Borrowing: Nil

(5) Accounts receivable factoring: Nil

(III) Come and go balance with related parties

1. Receivables

Item	Related parties	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Changhong Electric Co., Ltd.	678,572.23		521,671.35	
Account receivable	Sichuan Changhong Electronics Holding Group Co., Ltd.	17,850.00		376,186.92	
Account receivable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	608,155.97		965,201.45	
Account receivable	CHANGHONGELECTRIC(AUSTRALIA)	8,568,997.49		144,829.93	
Account receivable	Sichuan Changhong Property Service Co., Ltd.			12,516.00	
Account receivable	Huayi Compressor Co., Ltd.	275,400.00		334,800.00	
Account receivable	Sichuan Changhong Jijia Fine Co., Ltd.	164,379.15			
Account receivable	Sichuan Changhong Minsheng Logistics Co., LTD	196,189.88			
Account receivable	PT.CHANGHONGELECTRICINDONESIA	4,809.82		26,971.06	
Account receivable	CHANGHONG(HK)TRADINGLIMITED	233,409,742.89		60,541,639.57	
Account receivable	Sichuan Changhong Package Printing Co., Ltd.	19,943.20		4,400.00	
Account receivable	Sichuan Changhong International Hotel Co., Ltd.	825,626.90		1,334,736.90	
Account receivable	Chengdu Changhong Electronic Technology Co., Ltd.	434,509.01		434,509.01	
Account receivable	Sichuan Changhong Gerun Renewable Resources Co., Ltd.	0.60		0.60	
Account receivable	Lejiayi Chain Management Co., Ltd.	394,817.20			

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Item	Related parties	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Zhiyijia Network Technology Co., Ltd.	232,654,318.73		174,033,095.60	
Account receivable	Sichuan Hongwei Technology Co., Ltd.	70,553.20		7,600.00	
Account receivable	Anhui Xinhao PDP Co., Ltd.	63,000.00		63,000.00	
Account receivable	Sichuan Changhong Power Source Co., Ltd.	26,289.18			
Account receivable	Yibing Hongxing Electronics Co., Ltd.			147,174.10	
Account receivable	Sichuan Changhong Educational Technology Co., Ltd.	18,765.20			
Account receivable	Sichuan Huanyu Industrial Co. Ltd.	141,550.00			
Account receivable	Sichuan Changhong Property Co., Ltd.	69,900.00			
Account receivable	Sichuan Changhong New Energy Tech. Co., Ltd.	313,864.41			
Account receivable	Sichuan Changhong Innovation Investments Co., Ltd.	232.80			
Account receivable	Mianyang Technology Town Big Data Technology Co., Ltd.	3,313.20			
Account receivable	Sichuan Changhong Electronic System Co., Ltd.	3,000.00			
Account receivable	Sichuan Changhong Electronic Products Co., Ltd.	4,100.00			
Account receivable	Sichuan Changhong Network Tech. Co., Ltd.	34,064.00			
Account receivable	Orion PDP Co.,Ltd	9,469,893.05			
Account receivable	Hefei Changhong Industrial Co., Ltd.	8,744.00			
Account receivable	Changhong International Holdings (Hong Kong) Co., Ltd.	620.80			
Account receivable	Hongyuan Dineng Rebao Technology Co. Ltd.	59,547,184.81		36,070,419.59	
Account receivable	ChanghongRubaElectricCompany(Private)Ltd.	26,854,326.22		16,296,282.53	
Account paid in advance	Sichuan Changhong Electric Co., Ltd.	7,816,525.64		1,054,531.13	
Account paid in advance	Sichuan Changhong Electronics Holding Group Co., Ltd.	93,901.98			
Account paid in advance	Sichuan Hongwei Technology Co., Ltd.	363,948.00		263,948.00	
Account paid in advance	Sichuan Zhiyijia Network Technology Co., Ltd.	5,258.97		14,074.00	
Account paid in advance	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	616,680.00		254,682.00	
Account paid in advance	Sichuan Changhong Jijia Fine Co., Ltd.	21,000.00			

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Item	Related parties	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other receivables	Sichuan Changhong Electric Co., Ltd.			39,617.46	
Other receivables	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	200,000.00		200,000.00	
Other receivables	Hongyuan Dineng Rebao Technology Co. Ltd.			130,396.62	
Other receivables	Sichuan Tianyou Guigu Technology Co., Ltd.			12,500,000.00	
Total		584,000,028.53		305,772,283.82	

2. Payables

Item	Related parties	Ending balance	Opening balance
Accounts payable	Sichuan Changhong Electric Co., Ltd.	65,507,692.60	18,441,774.94
Accounts payable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	234,352,253.68	111,859,645.07
Accounts payable	Huayi Compressor Co., Ltd.	96,415,634.09	54,756,261.49
Accounts payable	Sichuan Changhong Jijia Fine Co., Ltd.	173,559,467.19	49,428,116.49
Accounts payable	Sichuan Changhong Minsheng Logistics Co., LTD	18,962,093.41	40,128,307.43
Accounts payable	Sichuan Changhong Package Printing Co., Ltd.	47,699,791.37	11,582,508.82
Accounts payable	Sichuan Changhong Devices Technology Co., Ltd.		8,244,251.90
Accounts payable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	15,312,633.09	2,231,885.31
Accounts payable	081 Electronic Group	864,603.30	397,568.22
Accounts payable	Sichuan Changhong New Energy Tech. Co., Ltd.		235.76
Accounts payable	Guangdong Changhong Electronics Co., Ltd.	6,432,120.19	3,602,882.13
Accounts payable	Sichuan Changhong Power Source Co., Ltd.		4,806.70
Accounts payable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	14,622,269.15	6,593,913.18
Accounts payable	Sichuan Hongwei Technology Co., Ltd.	1,647,512.58	1,647,512.58
Accounts payable	Sichuan Hongxin Software Co., Ltd.	1,377,000.00	
Accounts payable	Sichuan Changhong Gerun Renewable Resources Co., Ltd.	10,503.63	10,503.63
Accounts payable	Sichuan Changhong International Hotel Co., Ltd.		24,483.00
Accounts payable	Sichuan Changhong Xinrui Technology Co., Ltd	23,817,184.85	31,134,508.32

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Item	Related parties	Ending balance	Opening balance
Accounts payable	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	13,381,744.45	1,159,293.19
Accounts payable	Sichuan Changhong International Travel Agency Co., Ltd.	104,170.00	14,981.00
Accounts payable	Sichuan Changhong Electronic System Co., Ltd.	77,000.00	77,000.00
Accounts payable	Sichuan Jiahong Industry Co., Ltd.		1,500.00
Accounts payable	Sichuan Changhong Property Service Co., Ltd.	546.00	28.00
Accounts payable	Sichuan Huafeng Enterprise Group Co., Ltd.	16,335.76	283,500.63
Accounts payable	Sichuan Changhong Electronic Products Co., Ltd.	20,441,553.82	
Accounts payable	Sichuan Ailian Technology Co., Ltd.	4,487,817.51	
Accounts payable	Sichuan Jiashibang Electric Service Co., Ltd.	2,325.00	
Accounts payable	Sichuan Hongyu Metal Manufacture Co., Ltd.	962,208.48	475,411.87
Accounts payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	44,248,452.99	16,767,170.82
Accounts payable	Mianyang Highly Electric Co., Ltd.	47,125,794.58	33,257,152.05
Accounts payable	Sichuan Changhe Technology Co., Ltd.	3,063,524.32	2,769,516.97
Accounts payable	Hongyuan Dineng Rebao Technology Co. Ltd.	1,783.60	
Accounts payable	Sichuan Tianyou Guigu Technology Co., Ltd.		397,435.50
Accounts payable	Chengdu Guigu Environment Technology Co., Ltd.	441,220.12	
Account received advance in	Sichuan Changhong Electric Co., Ltd.		36,470,918.03
Account received advance in	Lejiayi Chain Management Co., Ltd.	0.02	559,819.59
Account received advance in	081 Electronic Group		2,906,393.55
Account received advance in	CHANGHONGELECTRICMIDDLEEASTFZE	1,696.65	37,303.37
Account received advance in	Sichuan Changhong Gerun Renewable Resources Co., Ltd.	47,011.00	273,106.03
Account received advance in	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	85,406.59	52,999.49
Account received advance in	Sichuan Changhong Power Source Co., Ltd.		164,400.00
Account received in	Sichuan Changhong Precision Electronics Tech. Co., Ltd.		0.01

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Item	Related parties	Ending balance	Opening balance
advance			
Account received advance in	Sichuan Changhong Diandianbang Tech. Co., Ltd.	259.00	259.00
Account received advance in	Hefei MeiLing Solar Energy Technology Co., Ltd.		315,389.49
Account received advance in	Hongyuan Dineng Rebao Technology Co. Ltd.	633,687.85	
Account received advance in	Sichuan Tianyou Guigu Technology Co., Ltd.		269,700.06
Other accounts payable	Sichuan Changhong Electric Co., Ltd.	15,310,127.66	189,285.06
Other accounts payable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	7,275,110.79	6,021,988.84
Other accounts payable	Sichuan Changhong Jijia Fine Co., Ltd.	1,900,500.00	1,900,500.00
Other accounts payable	Sichuan Changhong Gerun Renewable Resources Co., Ltd.	10,000.00	10,000.00
Other accounts payable	Huayi Compressor Co., Ltd.	1,598,900.00	1,050,000.00
Other accounts payable	Sichuan Changhong Package Printing Co., Ltd.	50,000.00	50,000.00
Other accounts payable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	322.46	145.16
Other accounts payable	Sichuan Changhong Minsheng Logistics Co., LTD	586,504.95	586,504.95
Other accounts payable	CHANGHONG(HK)TRADINGLIMITED	45,136.48	1,881,972.53
Other accounts payable	Sichuan Changhong Devices Technology Co., Ltd.		260.07
Other accounts payable	Sichuan Changhong Electronic Products Co., Ltd.	50,013.43	50,000.00
Other accounts payable	Sichuan Changhong Xinrui Technology Co., Ltd	200,000.00	200,000.00
Other accounts payable	081 Electronic Group	169.00	169.00
Other accounts payable	Sichuan Jiahong Industry Co., Ltd.	7,193.12	4,643.32
Other	Guangdong Changhong Electronics Co., Ltd.	4,602.00	4,602.00

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

Item	Related parties	Ending balance	Opening balance
accounts payable			
Other accounts payable	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	219,375.00	219,375.00
Other accounts payable	Mianyang Highly Electric Co., Ltd.	637,644.61	637,644.61
Other accounts payable	Sichuan Changhe Technology Co., Ltd.	100,000.00	100,000.00
Other accounts payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	50,000.00	50,000.00
Other accounts payable	Hengyouyuan Technology Development Group Co., Ltd.		2,800.00
Other accounts payable	Hongyuan Dineng Rebao Technology Co. Ltd.	8,967.00	
Dividends payable	Sichuan Changhong Electric Co., Ltd.	14,082,358.08	
Total		877,840,221.45	449,302,334.16

(IV) Commitments from related parties: Nil

XII. Share-based payment: Nil

XIII. Contingency

1. Pending action or possible liabilities formed from arbitration: Nil
2. Contingency from external guarantee: Nil
3. Other contingency: Nil

XIV. Commitments: Nil

XV. Events occurring after the balance sheet date

1. Important non-adjustment items: Nil
2. Profit distribution: Nil
3. Major sales return: Nil
4. Other than the above mentioned events, the Company have no other events occurred after balance sheet date.

XVI. Other significant matters

1. Correction of previous periods and influence: Nil
2. Debt restructuring: Nil

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From 1 January 2017 to 30 June 2017

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

3. Assets replacement: Nil

4. Pension plan: Nil

5. Discontinuing operation: Nil

6. Branch information

Item	Icecumber	AC	Marketing	Small household appliances	Other	Sales in branch	Total
Operation income	406,929.55	407,704.24	80,240.23	20,829.05	14,608.07	78,531.72	851,779.42
Including: Income from trading outside	338,516.23	407,605.54	80,240.23	20,452.80	4,964.62	-	851,779.42
Income from trading in branch	68,413.32	98.70	-	376.26	9,643.45	78,531.72	-
Operation expenses	407,400.30	408,202.14	76,076.39	20,583.76	13,251.49	78,290.82	847,223.26
Operation profit	-470.75	-497.90	4,163.84	245.29	1,356.58		4,797.06
Total assets	1,251,216.60	508,806.84	27,832.11	24,898.73	15,082.90	158,886.21	1,668,950.97
Total liability	720,335.31	427,527.47	54,495.73	13,581.21	8,381.39	77,183.35	1,147,137.76
Supplementary information	-	-	-	-	-	-	-
Depreciation and amortization expenses	6,110.27	2,328.24	9.48	198.48	390.51	-118.26	9,155.24
Capital expenditure	10,680.29	7,194.96	26.39	169.51	264.47	62.79	18,272.83
Non-cash expenses except for depreciation and amortization	39,292.71	52,444.60	7,399.60	1,512.96	1,748.39	-310.60	102,708.86

7. Other major transactions and events shows impact on investor's decision-making: Nil

XVII. Notes to main items of financial statement of parent company

1. Account receivable

(1) Risk structure of account receivable

Category	Ending amount				
	Book balance		Bad debt provision		Book value
	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	317,354,799.99	17.92%	16,042,896.99	5.06%	301,311,903.00
Combination 2	1,453,826,130.66	82.08%		-	1,453,826,130.66
Combination Subtotal	1,771,180,930.65	100.00%	16,042,896.99	0.91%	1,755,138,033.66
Account receivable with single minor amount but withdrawal single item bad debt provision					
Total	1,771,180,930.65	100.00%	16,042,896.99	0.91%	1,755,138,033.66

(Continued)

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From 1 January 2017 to 30 June 2017

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

Category	Opening amount				
	Book balance		Bad debt provision		Book value
	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	234,535,499.95	23.02%	12,281,916.10	5.24%	222,253,583.85
Combination 2	784,448,310.52	76.98%			784,448,310.52
Combination Subtotal	1,018,983,810.47	100.00%	12,281,916.10	1.21%	1,006,701,894.37
Account receivable with single minor amount but withdrawal single item bad debt provision					
Total	1,018,983,810.47	100.00%	12,281,916.10	1.21%	1,006,701,894.37

1) No account receivable with single significant amount and withdrawal bad debt provision single at period-end.

2) Account receivable with withdrawal of bad debt provision by aging account in combination 1

Book Age	Ending balance		
	Account receivable	Bad debt provision	Provision ratio (%)
Within 1 year	316,931,501.71	15,846,575.09	5%
1-2 years	78,258.40	11,738.76	15%
2-3 years	246,846.47	86,396.26	35%
3-4 years	-	-	55%
4-5 years	43.55	37.02	85%
Over 5 years	98,149.86	98,149.86	100%
Total	317,354,799.99	16,042,896.99	

3) Account receivable without bad debt provision withdrawal in combination 2

Combination	Book balance
Connected amount between related parties	1,408,187,606.66
Account receivable with L/C	45,638,524.00
Total	1,453,826,130.66

4) No account receivable with single minor amount but withdrawal single item bad debt provision at period-end

(2) Provision, reversal (or recovery) of bad debt provision

The bad debt accrual in the period was RMB 3,760,980.89; no recovery or reversal bad debt provision in the year.

(3) No account receivable actually written-off in the period.

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(4) No arrears of the shareholders holding more than 5% (including 5%) shares with voting rights of the Company at period-end.

(5) The top five account receivable at period-end has RMB 1,047,684,539.21 in total, a 59.15% in total account receivable.

(6) Account receivable de-recognized: Nil

2. Other account receivable

(1) Category of other account receivable

Category	Ending amount				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
Other account receivable with single significant amount and withdrawal single item bad debt provision					
Other account receivable withdrawal bad debt provision by combination					
Combination 1	3,031,000.28	5.06%	296,487.57	9.78%	2,734,512.71
Combination 2	56,814,966.89	94.94%	-	-	56,814,966.89
Combination Subtotal	59,845,967.17	100.00%	296,487.57	0.50%	59,549,479.60
Other account receivable with single minor amount but withdrawal single item bad debt provision					
Total	59,845,967.17	100.00%	296,487.57	0.50%	59,549,479.60

(Continued)

Category	Opening amount				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
Other account receivable with single significant amount and withdrawal single item bad debt provision					
Other account receivable withdrawal bad debt provision by combination					
Combination 1	2,286,196.46	8.50%	164,504.75	7.20%	2,121,691.71
Combination 2	24,620,732.24	91.50%			24,620,732.24
Combination Subtotal	26,906,928.70	100.00%	164,504.75	0.61%	26,742,423.95
Other account receivable with single minor amount but withdrawal single item bad debt provision					
Total	26,906,928.70	100.00%	164,504.75	0.61%	26,742,423.95

1) No other account receivable with single significant amount and no withdrawal bad debt provision single at period-end.

2) Other account receivable with withdrawal bad debt provision by aging account for combination

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1

Item	Ending balance		
	Account receivable	Bad debt provision	Provision ratio (%)
Within 1 year	2,546,998.03	127,349.90	5%
1-2 years	11,315.60	1,697.34	15%
2-3 years	462,686.65	161,940.33	35%
3-4 years	10,000.00	5,500.00	55%
4-5 years	-	-	85%
Over 5 years	-	-	100%
Total	3,031,000.28	296,487.57	

3) Other receivable without bad debt provision withdrawal in combination 2

Combination	Book balance
Connected amount between related parties	20,240,856.48
Loans of employee's pretty cash	7,380,361.69
Export rebate	29,193,748.72
Total	56,814,966.89

4) No other account receivable with single minor amount but withdrawal bad debt provision singly, refers to the minor single receivables at period-end.

(2) Reversal (or withdraw) of reserve for bad debts in the period

The bad debt accrual in the period was RMB 131,982.82; no recovery or reversal bad debt provision in the year.

(3) Other account receivable charge off in this period: Nil

(4) No areas from shareholders' unit with over 5 percent (5 percent included) voting rights held at period-end.

(5) Top 5 other account receivable has RMB 52,706,330.90 in total, an 88.07% in total account receivable at period-end.

(6) Other receivables classify by nature

Nature	Ending book balance	Opening book balance
Related parties	20,240,856.48	21,867,562.15
Loans of employee's pretty cash	7,380,361.69	2,753,170.09
Margin		1,344,924.85
Advance money paid temporary		619,956.01
Other	3,031,000.28	321,315.60
Export rebate	29,193,748.72	
Total	59,845,967.17	26,906,928.70

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(7) Other receivable de-recognized: Nil

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3. Long-term equity investments

(1) Classification of long-term equity investments

Item	Ending balance			Opening balance		
	Book balance	Impairment loss	Book value	Book balance	Impairment loss	Book value
Investment in subsidiaries:						
Zhongke Meiling Cryogenic Technology Co., Ltd.	42,000,000.00		42,000,000.00	42,000,000.00		42,000,000.00
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00		95,000,000.00	95,000,000.00		95,000,000.00
Hefei Meiling Appliance Marketing Co., Ltd.	54,900,000.00		54,900,000.00	54,900,000.00		54,900,000.00
Zhongshan Changhong Electric Co., LTD	169,856,419.37		169,856,419.37	169,856,419.37		169,856,419.37
Sichuan Changhong Air-conditioner Co., Ltd.	305,600,437.79		305,600,437.79	305,600,437.79		305,600,437.79
Hefei Meiling Group Holdings Limited	113,630,000.00		113,630,000.00	113,630,000.00		113,630,000.00
Jiangxi MeiLing Electric Appliance Co., Ltd.	79,000,000.00		79,000,000.00	79,000,000.00		79,000,000.00
Guangdong Changhong Ridian Technology Co., Ltd.	90,802,061.95		90,802,061.95	90,802,061.95		90,802,061.95
Changmei Technology Co., Ltd.	18,528,000.00		18,528,000.00	18,000,000.00		18,000,000.00
Meiling Candy Washing Machine Co., Ltd.	30,000,000.00		30,000,000.00	-		-
Investment in associates:						
Hefei Xingmei Assets Management Co., Ltd.	11,882,198.13		11,882,198.13	12,394,800.39		12,394,800.39
Sichuan Zhiyijia Network Technology Co., Ltd.	14,716,635.63		14,716,635.63	11,098,569.71		11,098,569.71
Total	1,025,915,752.87		1,025,915,752.87	992,282,289.21		992,282,289.21

(2) Investment in subsidiaries

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

Invested unit	Opening balance	Increase during the period	Decrease during the period	Ending balance	Provision for impairment losses	Ending balance of impairment loss
Zhongke Meiling Cryogenic Technology Co., Ltd.	42,000,000.00			42,000,000.00		
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00			95,000,000.00		
Hefei Meiling Appliance Marketing Co., Ltd.	54,900,000.00			54,900,000.00		
Zhongshan Changhong Electric Co., LTD	169,856,419.37			169,856,419.37		
Sichuan Changhong Air-conditioner Co., Ltd.	305,600,437.79			305,600,437.79		
Hefei Meiling Group Holdings Limited	113,630,000.00			113,630,000.00		
Jiangxi MeiLing Electric Appliance Co., Ltd.	79,000,000.00			79,000,000.00		
Guangdong Changhong Ridian Technology Co., Ltd.	90,802,061.95			90,802,061.95		
Changmei Technology Co., Ltd.	18,000,000.00	528,000.00		18,528,000.00		
Meiling Candy Washing Machine Co., Ltd.		30,000,000.00		30,000,000.00		
Total	968,788,919.11	30,528,000.00		999,316,919.11		

(3) Investment in associates

Invested unit	Opening balance	Changes in the period								Ending balance	Ending balance of impairment
		Additional Investment	Negative Investment	Investment income recognized under equity	Adjustment for other comprehensive income	Other equity change	Cash dividend or profit announced to issued	Provision for impairment loss	Other		
Hefei Xingmei Assets Management Co., Ltd.	12,394,800.39			-512,602.26						11,882,198.13	
Sichuan Zhiyijia Network Technology Co., Ltd.	11,098,569.71			3,618,065.92						14,716,635.63	
Total	23,493,370.10			3,105,463.66						26,598,833.76	

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3. Operation income and operation cost

Item	Amount in the period		Amount in the same period of last year	
	Income	Cost	Income	Cost
Main business	3,544,613,227.13	3,199,404,365.71	3,359,972,441.96	2,762,714,566.29
Other business	584,995,125.37	575,965,090.55	410,800,721.97	397,417,660.72
Total	4,129,608,352.50	3,775,369,456.26	3,770,773,163.93	3,160,132,227.01

(1) Classified according to product

Product	Amount in the period		Amount in the same period of last year	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator and freezer	3,279,271,848.62	2,971,360,809.10	3,178,958,581.60	2,612,206,850.23
Washing machine	176,232,144.12	151,753,972.11	179,396,785.22	150,507,716.06
Small household appliances and kitchen and toilet	89,105,560.29	76,286,085.40	-	-
Other	3,674.10	3,499.10	1,617,075.14	-
Total	3,544,613,227.13	3,199,404,365.71	3,359,972,441.96	2,762,714,566.29

(2) Classified according to region

Regions	Amount in the period		Amount in the same period of last year	
	Operation income	Operation cost	Operation income	Operation cost
Domestic income	2,457,823,202.55	2,162,505,987.73	2,481,708,373.76	2,002,163,732.22
Export income	1,086,790,024.58	1,036,898,377.98	878,264,068.20	760,550,834.07
Total	3,544,613,227.13	3,199,404,365.71	3,359,972,441.96	2,762,714,566.29

Top five clients of the Company owe income in sales of RMB 2,076,958,447.26 yuan, a 50.29% in total operation income.

4. Investment income

Item	Amount in the period	Amount in the same period of last year
Long-term equity investment income by equity method	3,105,463.66	2,644,982.57
Investment income arising from disposal of the long-term equity investment	2,506.98	
Investment income arising from period of holding the long-term equity investment	-	75,261,313.40
Investment income from disposal of financial assets, which is measured by fair value and with its variation reckoned into current gains/losses	7,232,183.50	
Investment income during holding the financial assets available for sale	19,389,929.81	4,986,301.37
Total	29,730,083.95	82,892,597.34

XI. Approval of financial statement

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

From 1 January 2017 to 30 June 2017

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

The financial statement has already been approved from the board of directors of the Company for reporting dated 9 August 2017.

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

From 1 January 2017 to 30 June 2017

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Supplementary information for financial statement

1. Non-operational gains and losses for this period

(1) 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 Period	Note
Gains and losses from disposal of non-current assets	-11,095,591.69	
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	22,490,062.54	
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	-10,359,085.30	
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		
Other non-operating income and expenditure except for the aforementioned ones	643,883.35	
Other gains and losses items complying with definition for non-current gains and losses	26,817,170.85	
Subtotal	28,496,439.75	
Affect on income tax	3,129,349.31	
Affect on minority equity(after taxation)	197,389.65	
Total	25,169,700.79	

2. Return on equity and earnings per share

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In accordance with requirement of the No. 9 Rule of Information Disclosure Compiling of Public Listed Companies: 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 semi-annual report in 2017 are as follow:

Profit during the report period	Weighted average return on equity	Earnings per share/EPS	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of parent company	1.79%	0.0881	0.0881
Net profit attributable to shareholders of parent company after deduction of non-recurring gains and losses	1.30%	0.0640	0.0640

3. Accounting difference under the accounting rules in and out of China: Nil

4. Supplementary information for accounting policy changed: Nil

Section XI Documents available for Reference

I. Text of Semi-Annual Report carrying the signatures of the Chairman;

II. Financial statement carrying the signatures and seals of the Chairman, Vice President and person in charge of finance, and person in charge of accounting organ (accountant in charge);

III. Original documents of the Company and manuscripts of public notices that disclosed in the website 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: Li Wei

Hefei Meiling Co., Ltd.

10 August 2017