



Changhong Meiling Co., Ltd.
The First Quarterly Report of 2019

April 2019

Section I. Important Notes

Board of Directors and the Supervisory Committee of Changhong Meiling Co., Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives should guarantee the reality, accuracy and completion of the quarterly report, there are no any fictitious statements, misleading statements or important omissions carried in this report, and shall take legal responsibilities, individual and/or joint.

Mr. Li Wei, person in charge of the Company, Mr. Pang Haitao, person in charger of accounting works and Mr. Luo Bo, person in charger of accounting organ (accounting officer) hereby confirm that the Financial Report of this Quarterly Report is authentic, accurate and complete.

Prompt of non-standard audit opinion

☐ Applicable ☒ Not applicable

The First Quarterly Report of 2019 has not been audited.

All Directors are attended the Board Meeting for Quarterly Report deliberation.

Section II. Basic situation of the Company

I. Main accounting data and financial indexes

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

☐ Yes ☒ No

	This Period	Same period of last year	Changes of this period over same period of last year
Operating income (RMB)	4,222,693,607.41	4,245,506,565.60	-0.54%
Net profit attributable to shareholders of the listed company (RMB)	60,526,575.53	56,261,852.68	7.58%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	36,385,461.05	23,011,689.73	58.12%
Net cash flow arising from operating activities (RMB)	-921,543,887.11	-771,375,311.87	-19.47%
Basic earnings per share (RMB/Share)	0.0579	0.0539	7.42%
Diluted earnings per share (RMB/Share)	0.0579	0.0539	7.42%
Weighted average ROE	1.20%	1.11%	0.09 percentage points up
	End of this period	End of last period	Changes of this period-end over same period-end of last year
Total assets (RMB)	15,122,914,651.38	15,561,810,184.54	-2.82%
Net assets attributable to shareholder of listed company (RMB)	5,065,768,249.09	5,015,730,486.57	1.00%

Items of non-recurring gains and losses

☒ Applicable ☐ Not applicable

In RMB

Item	Amount from year-begin to period-end	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-786,764.45	Found in "Asset disposal 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)	15,222,078.41	Found in "Other 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	11,538,197.60	Found in "Investment income" and "Changes in fair value gains"

asset available for sales, exclude the effective hedging business relevant with normal operations of the Company		
Reversion of the impairment provision of account receivable and contractual assets that carry impairment test independently	289,901.57	Found in "Account receivable"
Other non-operating income and expenditure except for the aforementioned items	-869,981.41	Found in "Non-operating income and expenditure"
Less: impact on income tax	906,134.04	--
Impact on minority shareholders' equity (post-tax)	346,183.20	--
Total	24,141,114.48	--

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.

II. Total number of shareholders at the end of this report period and top ten shareholders

1. Total number of common shareholders and preference shareholders with voting rights recovered and top ten common shareholders

In shares

Total number of common shareholders at the end of report period		65,331	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)		0	
Top ten shareholders						
Shareholder's name	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of share pledged/frozen	
					State of share	Amount
Sichuan Changhong Electric Co., Ltd.	State-owned legal person	23.79%	248,457,724	69,877,638	-	-
Hefei Industrial Investment Holding (Group) Co., Ltd.	State-owned legal person	4.58%	47,823,401	0.00	-	-
Changhong (Hong Kong) Trade Co., Ltd.	Foreign legal person	2.59%	27,077,797	0.00	-	-

CAOSHENGCHUN	Foreign nature person	1.36%	14,240,979	0.00	-	-
Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd.	Domestic non-State-owned legal person	1.20%	12,522,361	0.00	-	-
Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	Domestic non-State-owned legal person	1.03%	10,733,452	0.00	-	-
UBSAG	Foreign legal person	1.01%	10,533,440	0.00	-	-
Caitong Fund—Everbright Bank—Soochow Securities Co., Ltd.	Domestic non-State-owned legal person	0.67%	6,997,881	0.00	-	-
Philip Securities (H.K.) Co., Ltd.	Foreign legal person	0.60%	6,296,913	0.00	-	-
China Construction Bank - China Central Zhongzheng Sichuan Reform of State-owned Enterprise ETF	Domestic non-State-owned legal person	0.44%	4,627,500	0.00	-	-

Top ten shareholders with unrestricted shares held

Shareholder's name	Amount of unrestricted shares held	Type of shares	
		Type	Amount
Sichuan Changhong Electric Co., Ltd.	178,580,086	RMB ordinary shares	178,580,086
Hefei Industrial Investment Holding (Group) Co., Ltd.	47,823,401	RMB ordinary shares	47,823,401
Changhong (Hong Kong) Trade Co., Ltd.	27,077,797	Domestically listed foreign shares	27,077,797
CAOSHENGCHUN	14,240,979	Domestically listed foreign shares	14,240,979
Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd.	12,522,361	RMB ordinary shares	12,522,361
Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	10,733,452	RMB ordinary shares	10,733,452
UBSAG	10,533,440	RMB ordinary shares	10,533,440
Caitong Fund—Everbright Bank—Soochow Securities Co., Ltd.	6,997,881	RMB ordinary shares	6,997,881
Philip Securities (H.K.) Co., Ltd.	6,296,913	Domestically listed foreign shares	6,296,913
China Construction Bank - China Central Zhongzheng Sichuan Reform of State-owned Enterprise ETF	4,627,500	RMB ordinary shares	4,627,500

Explanation on associated relationship among the aforesaid shareholders	Among the above shareholders, CHANGHONG (HK) TRADING LIMITED (“CHANGHONG (HK)” for short) is the wholly-owned subsidiary of Sichuan Changhong Electric Co., Ltd. (“Sichuan Changhong” for short), except for the shares directly held by HK Changhong, 6,296,913 B-shares are held by HK Changhong through Philip Securities (Hong Kong) Limited, which consist a person acting in concert. 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, CHANGHONG (HK) and other top 7 shareholders; “Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd. ”Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd. refers to the products of Ping An UOB Fund Management Company subscribe for privately placement of 2016; “Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership) ” and “Caitong Fund-Everbright Bank-Soochow Securities Co., Ltd.”refers to the products of Caitong Fund Management Company subscribe for privately placement of 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”.
Explanation on top ten common shareholders involving margin business (if applicable)	N/A

Note 1: In the above table, "Particulars about shares held above 5% by shareholders or top 10 shares holding" is subject to the data on stock transfer books provided by China Securities Depository and Clearing Corporation Limited Shenzhen Branch

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

☐ Yes ☒ No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

2. Total shareholders with preferred stock held and shares held by top ten shareholders with preferred stock held

☐ Applicable ☒ Not applicable

Section III. Significant Events

I. Particulars about material changes in items of main accounting statement and financial index and explanations of reasons

√ Applicable □ Not applicable

(I) Changes and reasons of items in balance sheet

In RMB

Item	Ending balance	Opening balance	Changes ratio	Reasons of changes
Other receivable	110,894,324.39	63,192,740.93	75.49%	Other account receivable from clients increased in the Period
Transactional financial liabilities	37,130,673.69	55,586,666.70	-33.20%	Change of the fair value for FXA (Forward Exchange Agreement) carried out in the period
Taxes payable	72,320,922.91	109,753,432.17	-34.11%	Taxes paid by subsidiary Sichuan Air Conditioner in the period

(II) Changes and reasons of items in profit statement

In RMB

Item	Amount at the period	Amount at the same period of last year	Changes ratio	Reasons of changes
Taxes and surcharges	41,279,976.29	25,629,526.25	61.06%	Taxes accrual in the period increased from a year earlier
Financial expenses	12,386,522.10	-1,695,567.00	830.52%	Interest expenditure and loss from foreign exchange in the period increased on a y-o-y basis
Assets impairment loss	8,114,711.29	17,534,805.86	-53.72%	Due to the change of accounting policy, accrual of financial assets impairment was transfer to "Loss of credit impairment" in the period
Credit impairment loss	-4,348,457.12		-100.00%	Same as "Assets impairment loss"
Other income	15,924,209.49	10,367,452.07	53.60%	Government grants received in the period increased from a year earlier
Investment income	-3,294,794.60	23,858,193.30	-113.81%	Income from financing in the period declined on a y-o-y basis
Changing income of fair value	17,239,305.01	-3,292,159.49	623.65%	Change of the fair value for FXA (Forward Exchange Agreement) carried out in the period

Assets disposal income	-786,764.45	3,634,169.59	-121.65%	The income from non-current assets disposal decreased on a y-o-y basis
Non-business expenditure	1,901,268.37	16,552.57	11,386.24%	Relocation expenditure from subsidiary Sichuan Air Conditioner increased on a y-o-y basis
Minority interest	-5,022,513.61	-1,101,397.78	-356.01%	Some of the wholly-owned subsidiary have deficit in the period with a y-o-y increased

(III) Changes and reasons of items in cash flow statement

In RMB

Item	Amount at the period	Amount at the same period of last year	Changes ratio	Reasons of changes
Write-back of tax received	67,038,256.22	142,336,736.25	-52.90%	The export rebate received in the period decreased from a year earlier
Other cash received in connection with business activities	73,527,737.20	8,641,836.66	750.83%	Collection of the operational limited monetary fund in the period
Taxes paid	159,372,262.81	65,401,069.62	143.68%	Taxes paid in the period increased on a y-o-y basis
Cash received from investment income	1,512,445.59	30,148,051.45	-94.98%	The income from entrusted financial management received in the period declined on a y-o-y basis
Cash paid for investments	424,000,000.00	1,080,000,000.00	-60.74%	Principal of entrusted financing are paid in the Period declined from a year earlier
Other cash paid concerning investing activities	5,481,620.00	10,010,000.00	-45.24%	Loss from forward foreign exchange contract delivery declined on a y-o-y basis
Cash paid for dividend/profit distribution or interest expenses	35,295,622.65	16,030,019.50	120.18%	Cash dividend paid in the period
Other cash paid concerning financing activities	25,073,514.40	0.00	100.00%	The funding-constrained monetary funds increased on a y-o-y basis

II. Analysis and explanation of significant events and their influence and solutions

√ Applicable □ Not applicable

(I) Particular about process of the fund raised and investment of fund raised in the report period

The Company implemented a private placement of A-share in year of 2016, totally 1,569,999,998.84 Yuan raised, net money raised amounting to 1,540,732,722.76 Yuan after deducted vary issuance costs (tax included) 29,267,276.08 Yuan.

The resolutions of the 16th session of the 9th Board of Directors of the Company, the 8th session of the 9th Board of Supervisors of the Company, and the 3rd Extraordinary General Meeting of 2018 passed, and the independent directors consented, and the sponsor institution made unanimous verification opinions to agree the company to use the idle raised funds of not exceeding RMB 940 million to invest in the principal-protected

financial products with high security, good liquidity and allotted time of single item not more than one year, the authorization period is valid for one year from the date of approval by the company's general meeting of shareholders. Up to now, the company is normatively using the raised funds in accordance with the decision-making and relevant regulations and requirements.

Ended as 31 March 2018, actually fund of raised used accumulative amounted as 726,039,989.35 Yuan in total, balance of the account for fund raised counted as 907,308,197.77 Yuan (including interest income accumulative amounted as 10,993,276.01 Yuan and income from financial product at expiration 81,474,847.34 Yuan, as well as 9040000 million Yuan financial products purchased by idle temporary fund-raising)

The Company accumulative used the fund raised amounted as 726,039,989.35 Yuan, the use of purpose including: intelligent construction has 127,357,924.32 Yuan in used; R&D ability for intelligence and new products for intelligent household appliance has 282,800,601.26 Yuan in used; smart life project totally used 45,001,400.00 Yuan; used in current fund supplementary counted as 270,880,063.77 Yuan (including saving interest of 147,341.01 Yuan)

The resolutions of the 20th session of the 9th Board of Directors and the 11th session of the 9th Board of Supervisors of the Company agreed to postpone the date of the intelligent manufacturing construction project, intelligent R&D capacity building and intelligent home appliance technology development project reaching the expected usable condition to the end of December 2021. At the same time, the company's independent directors have issued independent opinions of consent, and the company's sponsor institution Shenwan Hongyuan issued a unanimous verification opinion. The Intelligent Life project is implemented by Changmei Technology Co., Ltd., this project is in operation.

(II) 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 29 in the form of announcement (No.: 2012-028, No.:2012-035).

1. Implementation about 2012, 2013, 2014 and 2016 performance incentive fund provision and distribution plan

See details in "Implementation of the company's annual incentive fund" in "XI Implementation of the company's stock incentive plan, employee stock ownership plan, or other employee incentive measures" in "Section V Important Events" of the company's "2018 Annual Report" disclosed on 29 March 2019.

Up to the end of this reporting period, the company's stock purchased by some 2012 annual performance incentive objects (non-directors, supervisors and senior management), 2013 annual performance incentive objects (non-directors, supervisors and senior management), the 2014 annual performance incentive objects (non-directors, supervisors and senior management) with their granted 2012 annual performance incentive funds and own funds and 2013 & 2014 annual performance incentive funds and own funds have been fully released for

trading; details of the share reduction for the above mentioned objects see below; if the holding period of the company's shares which are purchased by the 2016 annual performance incentive targets with their awarded 2016 annual performance incentive funds and their own funds is less than two years, all shares purchased by the incentive targets will be locked in accordance with their commitments. The Company's shares purchased by the current directors, supervisors and senior executives among the performance incentive targets due to the implementation of the 2012, 2013, 2014 and 2016 annual performance incentive plans have not reduced the shareholdings.

2. Shareholding and reducing of performance incentive objects of the Company

Ended as 31 March 2019, shares hold by all incentive objects amounting to 11,728,680 shares, a 1.1228 % in total share capital of the Company, including 10,038,787 A-share, a 0.9610% in total share capital and 1,689,893 B-share, a 0.1618% in total share capital of the Company. Other grantees of the 2012, 2013, 2014 and 2016 incentive plan (not being directors, supervisors and senior management) have reduced holding of 4,785,135 in aggregate, accounting for about 0.4581% of the total share capital and 68,750 shares are reduced in the reporting period.

(III) Transaction with Sichuan Changhong Group Finance Co., Ltd

The resolution of the 34th meeting of the 8th board of directors on August 9, 2017 and the second extraordinary general meeting of 2017 on September 12, 2017 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. According to the "Proposal on Expected Continuous Related Transactions with Sichuan Changhong Group Finance Co., Ltd. in 2019" approved by the deliberations of the 17th session of the 9th Board of Directors, the 9th session of the 9th Board of Supervisors and the 4th Extraordinary General Meeting of 2018 of the Company, Changhong Finance Company provides a series of financial services such as deposits and loans within the scope of its business in accordance with 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:

In RMB

Item	Opening balance	Increased during the Year	Decreased during the Year	Ending balance	Interest, handling charge paid or received
I. Savings in Changhong Group Finance Company	3,119,117,207.91	6,648,303,460.19	7,427,219,085.87	2,340,201,582.23	21,915,303.29
II. Borrowings from Changhong Group Finance Company					
1.Short-term loans					

Item	Opening balance	Increased during the Year	Decreased during the Year	Ending balance	Interest, handling charge paid or received
2.Long-term loans					
III. Other financial business					
1.Notes drawing	819,806,514.07	471,939,007.48	412,786,235.76	878,959,285.79	214,728.43
2.Notes discounted	772,233,395.98	345,625,142.76	148,981,669.33	968,876,869.41	334,593.52

(IV) Other significant events

Overview	Date for disclosure	Information index for temporary report disclosure
Mr. Wu Dinggang, the former president of the company, applied for resignation as president of the Company due to changes in his personal work, but he will continue to serve as the vice president of the company, a member of the strategy committee and a member of the remuneration and appraisal committee of the board of directors.	2019-1-12	Juchao Website: http://www.cninfo.com.cn (No. 2019-001)
The company's board resolution passed and agreed to authorize the company's directors and vice president Mr. Kou Huameng to act on the president's behalf, and the allotted time is from January 11, 2019, i.e. the date on which the board resolution takes effect, to the date on which the board of directors engages a new president.	2019-1-12	Juchao Website: http://www.cninfo.com.cn (No. 2019-002)
On January 14, 2019, the company received a Notification Letter from Caitong Fund Management Co., Ltd. About the Progress of Reducing Equity Holding of Changhong Meiling Co., Ltd." from Caitong Fund Management Co., Ltd. (hereinafter referred to as "Caitong Fund") which held more than 5% shares of the company, Caitong Fund reduced equity holdings of 12,160,298 shares of the company's shares through centralized bidding transaction and block trading method from October 18, 2018 to January 13, 2019, accounting for 1.1641% of the Company's total share capital.	2019-1-15	Juchao Website: http://www.cninfo.com.cn (No. 2019-003)
The resolutions of the board of directors, the board of supervisors and the general meeting of shareholders of the company passed and agreed the company to provide credit guarantees totaling 2980 million yuan to the wholly-owned and holding subsidiaries of the company in 2019. For the guarantee amount newly increased in this year and the amount of renewal in the current year, the guarantee period is one year.	2019-1-30 2019-2-14 2019-2-23	Juchao Website: http://www.cninfo.com.cn (No. 2019-004, No. 2019-005, No. 2019-006, No. 2019-008, No. 2019-010, No. 2019-012)
The resolution of the company's board of director passed and agreed the company to apply for a special credit line of maximum 300 million yuan in the bill pool of Hefei Branch of China Everbright Bank Co., Ltd.	2019-1-30	Juchao Website: http://www.cninfo.com.cn (No. 2019-003, No. 2019-007)
During the reporting period, the company used idle raised funds to purchase 424 million yuan of principal-protected bank financial products, including 100 million yuan for the financial products of China Guangfa Bank, 100 million yuan for the financial products of Shanghai Pudong Development Bank and 224 million yuan for the financial products of Bank of Communications. As of the end of the reporting period, the balance of the idle raised funds that the company used to purchase the	2019-2-1	Juchao Website: http://www.cninfo.com.cn (No. 2019-009)

principal-protected bank financial products was 904 million yuan.		
On February 13, 2019, the company received the “Short-Form Report on Changes in Equity of Changhong Meiling Co., Ltd.” from Caitong Fund, during the period from January 14, 2019 to February 12, 2019, the assets management plan of Caitong Fund reduced the equity holding of 2,600,729 shares of Changhong Meiling by centralized bidding transactions, with a total reduction amount of 8,115,894.30 yuan, accounting for 0.25% of the company’s total share capital. After this change in equity, Caitong Fund (on behalf of its asset management plan) holds 52,229,844 shares of Changhong Meiling, accounting for 4.999995% of Changhong Meiling’s total share capital.	2019-2-14	Juchao Website: http://www.cninfo.com.cn (No. 2019-011)
On February 25, 2019, the company received the Notice About Increasing Shareholding of Changhong Meiling Co., Ltd. and the Equity Changes of Sichuan Changhong Electric Co., Ltd. and its concerted action person Changhong (Hong Kong) Trading Co., Ltd.” (hereinafter referred to as “Notice”). During the period from November 12, 2018 to February 25, 2019, Sichuan Changhong and its concerted action person Changhong (Hong Kong) Trading Co., Ltd. (hereinafter referred to as “HK Changhong” or “Concerted Action Person”) bought 16,231,024 shares of Changhong Meiling (including 13,751,756 shares of Changhong Meiling A shares and 2,479,268 shares of Changhong Meiling B shares) by bidding transaction through the secondary market, accounting for 1.55% of Changhong Meiling’s total share capital, resulting in the equity ratio of Changhong Meiling held by Sichuan Changhong and Concerted Action Person increased by 5% from September 2009 to February 2019.	2019-2-26 2019-2-28	Juchao Website: http://www.cninfo.com.cn (No. 2019-013)
In late March 2019, the company received the “Notice of Drafted Civil Penalty” issued by U.S. Department of Energy (“DOE”).	2019-3-26	Juchao Website: http://www.cninfo.com.cn (No. 2019-014)
The resolution of company’s board of directors passed and agreed the company to make changes in the corresponding accounting policies according to the relevant regulations and requirements of the Ministry of Finance so as to apply to the new regulations. This matter still needs to be submitted to the company’s 2018 annual general meeting of shareholders for consideration and approval.	2019-3-29	Juchao Website: http://www.cninfo.com.cn (No. 2019-015, No. 2019-018)
The resolution of company’s board of directors passed and agreed the company and its subsidiaries to carry out forward foreign exchange fund transaction business from July 1, 2019 to June 30, 2020, the business transaction balances do not exceed US\$650 million (mainly including: US dollar, Australian dollar, Euro, other foreign exchanges are all converted into US dollars), the delivery period of a single business should be less than one year. This matter still needs to be submitted to the company’s 2018 annual general meeting of shareholders for consideration and approval.	2019-3-29	Juchao Website: http://www.cninfo.com.cn (No. 2019-015, No. 2019-020)
Being deliberated and approved by resolution of the Board, the intended usable state for “Construction of intelligent manufacturing project” and “Construction of intelligent R&D capability and new products development of the intelligent appliance technology” (the investment projects with privately placement of 2016) will postpone	2019-3-29	Juchao Website: http://www.cninfo.com.cn (No. 2019-015, No. 2019-021)

to end of December in 2021. This matter still needs to be submitted to the company's 2018 annual general meeting of shareholders for consideration and approval.		
The resolution of company's board of directors passed and agreed to amend some articles of the Articles of Association, the Rules of Procedure for the General Meeting of Shareholders, and the Rules of Procedure for the Board of Directors. This matter still needs to be submitted to the company's 2018 annual general meeting of shareholders for consideration and approval.	2019-3-29	Juchao Website: http://www.cninfo.com.cn (No. 2019-015, No. 2019-022)
The resolution of company's board of directors passed and agreed the company and its subsidiaries, including Zhongshan Changhong Electric Co., Ltd., Guangdong Changhong Ridian Technology Co., Ltd. and Hongyuan Geothermal Heat Pump Technology (Zhongshan) Co., Ltd., donated a total of 130,000 yuan to the Nantou Town People's Government of Zhongshan City for expanding the Nantou Town Central Primary School.	2019-3-29	Juchao Website: http://www.cninfo.com.cn (No. 2019-015, No. 2019-023)

(v) Implementation progress of shares buy-back

☐ Applicable ☒ Not applicable

(vi) Implementation progress of the reduction of repurchases shares by centralized bidding

☐ Applicable ☒ Not applicable

III. Commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies

☐ Applicable ☒ Not applicable

The Company has no commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies.

IV. Forecast of operation performance from Jan. – June of 2019

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

V. Securities Investment

☐ Applicable ☒ Not applicable

No security investment in Period.

VI. 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	200,656.30	2017-9-29	2019-12-23	149,739.86	50,916.44	43,964.10	--	157,413.54	30.41%	-721.36
Total				200,656.30	--	--	149,739.86	50,916.44	43,964.10	--	157,413.54	30.41%	-721.36
Capital resource (if applicable)				Self-owned capital									
Lawsuit involved (if applicable)				Not applicable									
Disclosure date for approval from the Board for investment of derivatives (if applicable)				2018-3-30									
Disclosure date for approval from board of shareholders for investment of derivatives (if applicable)				2018-5-11									
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 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</p>									

	<p>China, China Construction Bank and other Chinese-funded banks with a joint-stock system as Everbright and Industrial Bank, as well as the foreign-funded banks as UOB, Oversea Chinese Bank and the Bank of East Asia 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>
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>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.</p> <p>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 7,213,600.</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 Changhong 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 is related with the routine operation needs 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>

VII. Registration form for receiving research, communication and interview in the report period

☒ Applicable ☐ Not applicable

Time	Way	Type	Basic situation index of investigation
2019-2-26	Field research	Institute	http://www.cninfo.com.cn/new/disclosure/stock?orgId=gssz0000521&stockCode=000521#

VIII. Guarantee outside against the regulation

☐ Applicable ☒ Not applicable

The Company had no guarantee outside against the regulation in the reporting period.

IX. Non-operational fund occupation from controlling shareholders and its related party

☐ Applicable ☒ Not applicable

The Company had no non-operational fund occupation from controlling shareholders or its related party in the reporting period.

Section IV. Financial Statement

I. Financial statement

1. Consolidate balance sheet

Prepared by Changhong Meiling Co., Ltd.

In RMB

Items	2019-3-31	2018-12-31
Current assets:		
Monetary fund	3,298,560,072.14	4,596,077,557.40
Settlement provisions		
Capital lent		
Transactional financial assets	8,038,858.13	
Financial assets measured by fair value and with variation reckoned into current gains/losses		9,253,635.59
Derivative financial assets		
Note receivable and account receivable	4,669,700,970.50	4,058,819,532.50
Including: Notes receivable	2,215,850,948.58	2,387,830,887.74
Accounts receivable	2,453,850,021.92	1,670,988,644.76
Account paid in advance	87,614,787.29	86,180,459.26
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	110,894,324.39	62,129,574.17
Including: Interest receivable	560,000.00	2,653,712.36
Dividends receivable		
Buying back the sale of financial assets		
Inventories	2,284,085,805.76	2,174,436,573.67
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	1,175,918,616.79	1,184,686,956.96
Total current assets	11,634,813,435.00	12,171,584,289.55

Non-current assets:		
Loans and payments on behalf		
Debt investment		
Available-for-sale financial assets		45,000,000.00
Other debt investment		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	63,951,984.06	61,869,440.55
Investment in other equity instrument		
Other non-current financial assets	45,000,000.00	
Investment real estate	46,495,016.63	46,846,507.41
Fixed assets	1,795,481,364.06	1,733,957,012.14
Construction in progress	492,381,189.77	464,558,352.60
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	819,449,590.61	817,579,958.94
Research and development costs	118,455,247.67	108,210,966.60
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	106,886,823.58	112,203,656.75
Other non-current assets		
Total non-current assets	3,488,101,216.38	3,390,225,894.99
Total assets	15,122,914,651.38	15,561,810,184.54
Current liabilities		
Short-term borrowings	2,099,804,318.77	2,336,373,929.62
Loan from central bank		
Capital borrowed		
Transactional financial liability	37,130,673.69	
Financial liability measured by fair value and with variation reckoned into current gains/losses		55,586,666.70
Derivative financial liability		
Notes payable & account payable	5,783,696,601.37	6,009,929,380.98
Accounts received in advance	445,670,416.05	354,551,354.80

Selling financial asset of repurchase		
Absorbing deposit and interbank deposits		
Agent buying and selling securities		
Acting underwriting securities		
Wage payable	126,298,833.73	163,638,627.79
Taxes payable	72,320,922.91	109,753,432.17
Other accounts payable	641,578,423.45	660,320,360.26
Including: Interest payable	13,609,466.80	7,519,756.26
Dividend payable	3,234,928.37	17,317,286.45
Handling fees and commissions payable		
Reinsurance payable		
Contractual liability		
Liability held for sale		
Non-current liabilities due within one year	275,439,053.10	273,682,737.85
Other current liabilities		
Total current liabilities	9,481,939,243.07	9,963,836,490.17
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	1,920,000.00	1,920,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable	4,693,693.60	5,017,208.00
Long term employee compensation payable	17,493,733.00	19,073,101.29
Accrued liabilities	273,233,043.84	273,063,677.21
Deferred income	164,718,767.14	160,250,963.60
Deferred income tax liabilities	3,003,916.98	3,098,699.11
Other non-current liabilities		
Total non-current liabilities	465,063,154.56	462,423,649.21
Total liabilities	9,947,002,397.63	10,426,260,139.38
Owners' 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	2,684,369,598.46	2,684,369,598.46
Less: Inventory shares		
Other comprehensive income	-19,191,702.01	-18,143,569.26
Special reserve		
Surplus reserve	399,082,433.26	400,673,993.50
Provision of general risk		
Retained profit	956,910,038.38	904,232,582.87
Total owner's equity attributable to parent Company	5,065,768,249.09	5,015,730,486.57
Minority interests	110,144,004.66	119,819,558.59
Total owner's equity	5,175,912,253.75	5,135,550,045.16
Total liabilities and owner's equity	15,122,914,651.38	15,561,810,184.54

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

2. Balance Sheet of Parent Company

In RMB

Items	2019-3-31	2018-12-31
Current assets:		
Monetary fund	1,888,933,793.71	2,897,004,041.87
Transactional financial assets	8,038,858.13	
Financial assets measured by fair value and with variation reckoned into current gains/losses		9,253,635.59
Derivative financial assets		
Note receivable and account receivable	3,675,549,527.97	3,483,525,970.01
Including: Notes receivable	2,161,492,040.09	2,433,243,946.64
Accounts receivable	1,514,057,487.88	1,050,282,023.37
Account paid in advance	85,121,554.58	58,710,427.38
Other account receivable	169,032,349.14	182,744,033.52
Including: Interest receivable	560,000.00	2,653,712.36
Dividends receivable		

Inventories	984,874,854.85	911,130,106.30
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	1,106,511,243.92	1,113,987,528.70
Total current assets	7,918,062,182.30	8,656,355,743.37
Non-current assets:		
Debt investment		
Available-for-sale financial assets		45,000,000.00
Other debt investment		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	1,741,080,806.77	1,731,109,903.70
Investment in other equity instrument		
Other non-current financial assets	45,000,000.00	
Investment real estate	7,532,990.42	7,618,550.16
Fixed assets	1,080,514,627.58	1,082,915,540.08
Construction in progress	130,770,479.74	125,064,106.10
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	459,627,275.68	462,425,105.64
Research and development costs	75,337,664.97	57,383,653.72
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	76,189,368.54	78,357,299.17
Other non-current assets		
Total non-current assets	3,616,053,213.70	3,589,874,158.57
Total assets	11,534,115,396.00	12,246,229,901.94
Current liabilities		
Short-term borrowings	1,535,198,900.65	1,911,719,726.13
Transactional financial liability	13,467,437.90	
Financial liability measured by fair value and with variation reckoned into current gains/losses		19,893,875.00

Derivative financial liability		
Notes payable & account payable	3,709,869,919.69	4,013,263,630.45
Accounts received in advance	102,234,815.49	105,815,140.88
Contractual liability		
Wage payable	10,756,063.71	31,271,182.48
Taxes payable	16,244,613.19	21,992,129.58
Other accounts payable	413,170,461.81	427,293,961.56
Including: Interest payable	10,022,140.43	5,801,215.14
Dividend payable	3,234,928.37	17,317,286.45
Liability held for sale		
Non-current liabilities due within one year	260,355,541.04	258,588,504.48
Other current liabilities		
Total current liabilities	6,061,297,753.48	6,789,838,150.56
Non-current liabilities:		
Long-term loans	1,920,000.00	1,920,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable	17,493,733.00	19,073,101.29
Accrued liabilities	266,465,514.75	266,641,323.73
Deferred income	59,577,173.43	53,118,676.50
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	345,456,421.18	340,753,101.52
Total liabilities	6,406,754,174.66	7,130,591,252.08
Owners' 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	2,753,017,007.10	2,753,017,007.10
Less: Inventory shares		

Other comprehensive income		
Special reserve		
Surplus reserve	398,864,267.58	400,455,827.82
Retained profit	930,882,065.66	917,567,933.94
Total owner's equity	5,127,361,221.34	5,115,638,649.86
Total liabilities and owner's equity	11,534,115,396.00	12,246,229,901.94

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

3. Consolidated Profit Statement

In RMB

Items	Current Period	Last Period
I. Total operating income	4,222,693,607.41	4,245,506,565.60
Including: Operating income	4,222,693,607.41	4,245,506,565.60
Interest income		
Insurance gained		
Handling fees and commissions income		
II. Total operating cost	4,184,854,861.76	4,213,805,314.53
Including: Operating cost	3,378,498,741.74	3,395,348,853.41
Interest expense		
Handling fees and commissions expenses		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Taxes and surcharge	41,279,976.29	25,629,526.25
Sales expenses	613,574,029.12	659,262,709.74
Administration expenses	83,140,320.57	73,449,404.70
R&D expenses	52,209,017.77	44,275,581.57
Financial expenses	12,386,522.10	-1,695,567.00

Including: interest expenses	27,122,066.28	22,081,680.01
Interest income	25,211,309.83	25,860,272.23
Losses of devaluation of asset	8,114,711.29	17,534,805.86
Loss of credit impairment	-4,348,457.12	0.00
Add: other income	15,924,209.49	10,367,452.07
Investment income (Loss is listed with “-”)	-3,294,794.60	23,858,193.30
Including: Investment income on affiliated Company and joint venture	2,406,312.81	-1,987,586.69
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)	17,239,305.01	-3,292,159.49
Income on disposal of assets (Loss is listed with “-”)	-786,764.45	3,634,169.59
III. Operating profit (Loss is listed with “-”)	66,920,701.10	66,268,906.54
Add: Non-operating income	1,031,286.96	1,557,612.64
Less: Non-operating expense	1,901,268.37	16,552.57
IV. Total Profit (Loss is listed with “-”)	66,050,719.69	67,809,966.61
Less: Income tax	10,546,657.77	12,649,511.71
V. Net profit (Net loss is listed with “-”)	55,504,061.92	55,160,454.90
(i) Classify by business continuity		
1. continuous operating net profit (net loss listed with “-”)	55,504,061.92	55,160,454.90
2. termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1. Net profit attributable to owner's of parent company	60,526,575.53	56,261,852.68
2. Minority shareholders' gains and losses	-5,022,513.61	-1,101,397.78
VI. Net after-tax of other comprehensive income	-2,085,506.09	-6,515,999.71
Net after-tax of other comprehensive income attributable to owners of parent company	-1,048,132.75	-4,584,887.13
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes of the defined benefit plans that re-measured		

2. Other comprehensive income under equity method that cannot be transfer to gain/loss		
3. Change of fair value of investment in other equity instrument		
4. Fair value change of enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	-1,048,132.75	-4,584,887.13
1. Other comprehensive income under equity method that can transfer to gain/loss		
2. Change of fair value of other debt investment		
3. gain/loss of fair value changes for available-for-sale financial assets		
4. Amount of financial assets re-classify to other comprehensive income		
5. Gain/loss of held-to-maturity investments that re-classify to available-for-sale financial asset		
6. Credit impairment provision for other debt investment		
7. Cash flow hedging reserve		
8. Translation differences arising on translation of foreign currency financial statements	-1,048,132.75	-4,584,887.13
9. Other		
Net after-tax of other comprehensive income attributable to minority shareholders	-1,037,373.34	-1,931,112.58
VII. Total comprehensive income	53,418,555.83	48,644,455.19
Total comprehensive income attributable to owners of parent Company	59,478,442.78	51,676,965.55
Total comprehensive income attributable to minority shareholders	-6,059,886.95	-3,032,510.36
VIII. Earnings per share:		
(i) Basic earnings per share	0.0579	0.0539
(ii) Diluted earnings per share	0.0579	0.0539

Enterprise combine under the same control in the Period, the combined party realized net profit of 0 Yuan before combination, and realized 0 Yuan at last period for combined party

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

4. Profit Statement of Parent Company

In RMB

Items	Current Period	Last Period
I. Operating income	2,235,042,419.73	2,108,581,292.40
Less: Operating cost	1,952,295,548.80	1,809,944,883.90
Taxes and surcharge	22,080,703.51	13,489,765.30
Sales expenses	182,856,903.44	204,911,029.89
Administration expenses	33,905,037.20	29,338,556.94
R&D expenses	22,605,067.51	23,195,836.24
Financial expenses	3,903,872.42	307,773.98
Including: interest expenses	19,232,245.83	15,868,162.75
Interest income	15,126,621.45	13,139,035.21
Losses of devaluation of asset	3,052,384.53	-1,979,239.78
Loss of credit impairment	-4,032,480.31	0.00
Add: other income	6,673,926.51	4,241,513.91
Investment income (Loss is listed with “-”)	1,728.66	20,171,924.50
Including: Investment income on affiliated Company and joint venture	3,970,903.07	559,794.36
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value(Loss is listed with “-”)	5,211,659.64	-9,649,410.27
Income on disposal of assets (Loss is listed with “-”)	-645,262.95	-627,343.74
II. Operating profit (Loss is listed with “-”)	29,617,434.49	43,509,370.33
Add: Non-operating income	188,670.00	1,508,872.27
Less: Non-operating expense		
III. Total Profit (Loss is listed with “-”)	29,806,104.49	45,018,242.60
Less: Income tax	2,167,930.63	5,037,110.64
IV. Net profit (Net loss is listed with “-”)	27,638,173.86	39,981,131.96
(i)continuous operating net profit (net loss listed with “-”)	27,638,173.86	39,981,131.96

(ii) termination of net profit (net loss listed with “-”)		
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 of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.gain/loss of fair value changes for available-for-sale financial assets		
4.Amount of financial assets re-classify to other comprehensive income		
5.Gain/loss of held-to-maturity investments that re-classify to available-for-sale financial asset		
6.Credit impairment provision for other debt investment		
7.Cash flow hedging reserve		
8.Translation differences arising on translation of foreign currency financial statements		
9.Other		
VI. Total comprehensive income	27,638,173.86	39,981,131.96
VII. Earnings per share:		
(i) Basic earnings per share	0.0265	0.0383
(ii) Diluted earnings per share	0.0265	0.0383

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

5. Consolidated Cash Flow Statement

In RMB

Items	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	3,904,690,858.42	3,116,283,648.67
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		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received	67,038,256.22	142,336,736.25
Other cash received concerning operating activities	73,527,737.20	8,641,836.66
Subtotal of cash inflow arising from operating activities	4,045,256,851.84	3,267,262,221.58
Cash paid for purchasing commodities and receiving labor service	4,065,487,408.62	3,209,115,632.97
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of financial assets held for transaction purposes		

Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	446,317,342.30	415,551,393.88
Taxes paid	159,372,262.81	65,401,069.62
Other cash paid concerning operating activities	295,623,725.22	348,569,436.98
Subtotal of cash outflow arising from operating activities	4,966,800,738.95	4,038,637,533.45
Net cash flows arising from operating activities	-921,543,887.11	-771,375,311.87
II. Cash flows arising from investing activities:		
Cash received from recovering investment	430,000,000.00	540,000,000.00
Cash received from investment income	1,512,445.59	30,148,051.45
Net cash received from disposal of fixed, intangible and other long-term assets	557,933.20	252,000.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	30,122,236.60	29,832,743.55
Subtotal of cash inflow from investing activities	462,192,615.39	600,232,795.00
Cash paid for purchasing fixed, intangible and other long-term assets	137,742,454.20	108,817,240.77
Cash paid for investment	424,000,000.00	1,080,000,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	5,481,620.00	10,010,000.00
Subtotal of cash outflow from investing activities	567,224,074.20	1,198,827,240.77
Net cash flows arising from investing activities	-105,031,458.81	-598,594,445.77
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	470,219,380.02	607,619,100.00
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	470,219,380.02	607,619,100.00
Cash paid for settling debts	695,000,000.00	598,642,903.58

Cash paid for dividend and profit distributing or interest paying	35,295,622.65	16,030,019.50
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	25,073,514.40	
Subtotal of cash outflow from financing activities	755,369,137.05	614,672,923.08
Net cash flows arising from financing activities	-285,149,757.03	-7,053,823.08
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-7,529,242.84	-18,498,907.12
V. Net increase of cash and cash equivalents	-1,319,254,345.79	-1,395,522,487.84
Add: Balance of cash and cash equivalents at the period -begin	4,484,643,187.93	5,089,765,770.39
VI. Balance of cash and cash equivalents at the period -end	3,165,388,842.14	3,694,243,282.55

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

6. Cash Flow Statement of Parent Company

In RMB

Items	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	2,044,451,401.10	1,622,336,432.60
Write-back of tax received	34,183,811.93	72,233,740.77
Other cash received concerning operating activities	14,223,467.81	208,146.11
Subtotal of cash inflow arising from operating activities	2,092,858,680.84	1,694,778,319.48
Cash paid for purchasing commodities and receiving labor service	2,460,080,220.15	1,634,525,578.72
Cash paid to/for staff and workers	146,712,285.95	139,285,545.18
Taxes paid	27,729,284.95	16,622,857.79
Other cash paid concerning operating activities	105,382,944.46	78,553,787.65
Subtotal of cash outflow arising from operating activities	2,739,904,735.51	1,868,987,769.34
Net cash flows arising from operating activities	-647,046,054.67	-174,209,449.86

II. Cash flows arising from investing activities:		
Cash received from recovering investment	430,000,000.00	500,000,000.00
Cash received from investment income	1,512,445.59	30,015,681.60
Net cash received from disposal of fixed, intangible and other long-term assets	500,000.00	220,000.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	208,059,288.34	14,230,005.57
Subtotal of cash inflow from investing activities	640,071,733.93	544,465,687.17
Cash paid for purchasing fixed, intangible and other long-term assets	54,735,486.93	34,937,488.72
Cash paid for investment	430,000,000.00	1,060,000,000.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	55,481,620.00	9,740,000.00
Subtotal of cash outflow from investing activities	540,217,106.93	1,104,677,488.72
Net cash flows arising from investing activities	99,854,627.00	-560,211,801.55
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	289,000,000.00	426,678,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities	31,346,756.76	15,281,801.00
Subtotal of cash inflow from financing activities	320,346,756.76	441,959,801.00
Cash paid for settling debts	655,000,000.00	300,000,000.00
Cash paid for dividend and profit distributing or interest paying	32,672,266.77	13,430,070.19
Other cash paid concerning financing activities	114,243,780.75	72,182,236.15
Subtotal of cash outflow from financing activities	801,916,047.52	385,612,306.34
Net cash flows arising from financing activities	-481,569,290.76	56,347,494.66
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-4,061,294.11	-6,743,197.91
V. Net increase of cash and cash equivalents	-1,032,822,012.54	-684,816,954.66
Add: Balance of cash and cash equivalents at the period -begin	2,894,384,811.05	3,410,029,424.54
VI. Balance of cash and cash equivalents at the period -end	1,861,562,798.51	2,725,212,469.88

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

II. Explanation on financial statement adjustment

1. Financial statement adjustment at the beginning of the first year when implementation of new financial instrument rules, new revenue rules and new leasing rules

√ Applicable □ Not applicable

(1) Consolidate balance sheet

In RMB

Items	2018-12-31	2019-1-1	Adjustment
Current assets:			
Monetary fund	4,596,077,557.40	4,596,077,557.40	
Transactional financial assets	Not applicable	9,253,635.59	9,253,635.59
Financial assets measured by fair value and with variation reckoned into current gains/losses	9,253,635.59	Not applicable	-9,253,635.59
Note receivable and account receivable	4,058,819,532.50	4,043,930,389.93	-14,889,142.57
Including: Notes receivable	2,387,830,887.74	2,370,568,253.64	-17,262,634.10
Accounts receivable	1,670,988,644.76	1,673,362,136.29	2,373,491.53
Account paid in advance	86,180,459.26	86,180,459.26	0.00
Other account receivable	62,129,574.17	63,192,740.93	1,063,166.76
Including: Interest receivable	2,653,712.36	2,653,712.36	
Inventories	2,174,436,573.67	2,174,436,573.67	
Other current assets	1,184,686,956.96	1,184,686,956.96	
Total current assets	12,171,584,289.55	12,157,758,313.74	-13,825,975.81
Non-current assets:			
Available-for-sale financial assets	45,000,000.00	Not applicable	-45,000,000.00
Long-term equity investments	61,869,440.55	61,869,440.55	
Other non-current financial assets	Not applicable	45,000,000.00	45,000,000.00
Investment real estate	46,846,507.41	46,846,507.41	
Fixed assets	1,733,957,012.14	1,733,957,012.14	
Construction in progress	464,558,352.60	464,558,352.60	

Intangible assets	817,579,958.94	817,579,958.94	
Research and development costs	108,210,966.60	108,210,966.60	
Deferred income tax assets	112,203,656.75	112,203,656.75	
Total non-current assets	3,390,225,894.99	3,390,225,894.99	
Total assets	15,561,810,184.54	15,547,984,208.73	-13,825,975.81
Current liabilities			
Short-term borrowings	2,336,373,929.62	2,336,373,929.62	
Transactional financial liability	Not applicable	55,586,666.70	55,586,666.70
Financial liability measured by fair value and with variation reckoned into current gains/losses	55,586,666.70	Not applicable	-55,586,666.70
Notes payable & account payable	6,009,929,380.98	6,009,929,380.98	
Accounts received in advance	354,551,354.80	354,551,354.80	
Wage payable	163,638,627.79	163,638,627.79	
Taxes payable	109,753,432.17	109,753,432.17	
Other accounts payable	660,320,360.26	660,320,360.26	
Including: Interest payable	7,519,756.26	7,519,756.26	
Dividend payable	17,317,286.45	17,317,286.45	
Non-current liabilities due within one year	273,682,737.85	273,682,737.85	
Total current liabilities	9,963,836,490.17	9,963,836,490.17	
Non-current liabilities:			
Long-term loans	1,920,000.00	1,920,000.00	
Long-term account payable	5,017,208.00	5,017,208.00	
Projected liabilities	273,063,677.21	273,063,677.21	
Deferred income	160,250,963.60	160,250,963.60	
Deferred income tax liabilities	3,098,699.11	3,098,699.11	
Other non-current liabilities	19,073,101.29	19,073,101.29	
Total non-current liabilities	462,423,649.21	462,423,649.21	
Total liabilities	10,426,260,139.38	10,426,260,139.38	
Owners' equity:			
Share capital	1,044,597,881.00	1,044,597,881.00	
Capital public reserve	2,684,369,598.46	2,684,369,598.46	
Other comprehensive income	-18,143,569.26	-18,143,569.26	
Surplus public reserve	400,673,993.50	399,082,433.26	-1,591,560.24

Retained profit	904,232,582.87	896,383,462.85	-7,849,120.02
Total owner's equity attributable to parent company	5,015,730,486.57	5,006,289,806.31	-9,440,680.26
Minority interests	119,819,558.59	115,434,263.04	-4,385,295.55
Total owner's equity	5,135,550,045.16	5,121,724,069.35	-13,825,975.81
Total liabilities and owner's equity	15,561,810,184.54	15,547,984,208.73	-13,825,975.81

Statement of adjustment

The Company implemented the new financial instrument rules since 1 Jan. 2019, the “Financial assets measured by fair value and with its variation reckoned into current gain/loss” adjusted to “Transactional financial assets”, the “Financial assets available-for-sale” adjusted to “Other non-current financial assets”, the “Financial liability measured by fair value and with its variation reckoned into current gain/loss” adjusted to “Transactional financial liability”

In addition, according to the connection rules of the new financial instrument standards, the company does not need to restate the previous comparables, and it's unnecessary to adjust when the information presented in the financial statements is not inconsistent with the requirements of the new standards. The difference between the original book value of financial instrument and the new book value before the date of implementation of the standards is adjusted and included in the retained earnings at the beginning of the period of 2019.

(2) Balance Sheet of Parent Company

In RMB

Item	2018-12-31	2019-1-1	Adjustment
Current assets:			
Monetary fund	2,897,004,041.87	2,897,004,041.87	
Transactional financial assets	Not applicable	9,253,635.59	9,253,635.59
Financial assets measured by fair value and with variation reckoned into current gains/losses	9,253,635.59	Not applicable	-9,253,635.59
Note receivable and account receivable	3,483,525,970.01	3,467,513,069.95	-16,012,900.06
Including: Notes receivable	2,433,243,946.64	2,419,743,946.64	-13,500,000.00
Accounts receivable	1,050,282,023.37	1,047,769,123.31	-2,512,900.06
Account paid in advance	58,710,427.38	58,710,427.38	0.00
Other account receivable	182,744,033.52	182,841,331.20	97,297.68
Including: Interest receivable	2,653,712.36	2,653,712.36	
Inventories	911,130,106.30	911,130,106.30	
Other current assets	1,113,987,528.70	1,113,987,528.70	
Total current assets	8,656,355,743.37	8,640,440,140.99	-15,915,602.38
Non-current assets:			
Available-for-sale financial assets	45,000,000.00	Not applicable	-45,000,000.00

Long-term equity investments	1,731,109,903.70	1,731,109,903.70	
Other non-current financial assets	Not applicable	45,000,000.00	45,000,000.00
Investment real estate	7,618,550.16	7,618,550.16	
Fixed assets	1,082,915,540.08	1,082,915,540.08	
Construction in progress	125,064,106.10	125,064,106.10	
Intangible assets	462,425,105.64	462,425,105.64	
Research and development costs	57,383,653.72	57,383,653.72	
Deferred income tax assets	78,357,299.17	78,357,299.17	
Total non-current assets	3,589,874,158.57	3,589,874,158.57	
Total assets	12,246,229,901.94	12,230,314,299.56	-15,915,602.38
Current liabilities			
Short-term borrowings	1,911,719,726.13	1,911,719,726.13	
Transactional financial liability	Not applicable	19,893,875.00	19,893,875.00
Financial liability measured by fair value and with variation reckoned into current gains/losses	19,893,875.00	Not applicable	-19,893,875.00
Notes payable & account payable	4,013,263,630.45	4,013,263,630.45	
Accounts received in advance	105,815,140.88	105,815,140.88	
Wage payable	31,271,182.48	31,271,182.48	
Taxes payable	21,992,129.58	21,992,129.58	
Other accounts payable	427,293,961.56	427,293,961.56	
Including: Interest payable	5,801,215.14	5,801,215.14	
Dividend payable	17,317,286.45	17,317,286.45	
Non-current liabilities due within one year	258,588,504.48	258,588,504.48	
Total current liabilities	6,789,838,150.56	6,789,838,150.56	
Non-current liabilities:			
Long-term loans	1,920,000.00	1,920,000.00	
Accrued liabilities	266,641,323.73	266,641,323.73	
Deferred income	53,118,676.50	53,118,676.50	
Other non-current liabilities	19,073,101.29	19,073,101.29	
Total non-current liabilities	340,753,101.52	340,753,101.52	
Total liabilities	7,130,591,252.08	7,130,591,252.08	
Owners' equity:			
Share capital	1,044,597,881.00	1,044,597,881.00	

Capital public reserve	2,753,017,007.10	2,753,017,007.10	
Surplus reserve	400,455,827.82	398,864,267.58	-1,591,560.24
Retained profit	917,567,933.94	903,243,891.80	-14,324,042.14
Total owner's equity	5,115,638,649.86	5,099,723,047.48	-15,915,602.38
Total liabilities and owner's equity	12,246,229,901.94	12,230,314,299.56	-15,915,602.38

Statement of adjustment

The Company implemented the new financial instrument rules since 1 Jan. 2019, the “Financial assets measured by fair value and with its variation reckoned into current gain/loss” adjusted to “Transactional financial assets”, the “Financial assets available-for-sale” adjusted to “Other non-current financial assets”, the “Financial liability measured by fair value and with its variation reckoned into current gain/loss” adjusted to “Transactional financial liability”

In addition, according to the connection rules of the new financial instrument standards, the company does not need to restate the previous comparables, and it's unnecessary to adjust when the information presented in the financial statements is not inconsistent with the requirements of the new standards. The difference between the original book value of financial instrument and the new book value before the date of implementation of the standards is adjusted and included in the retained earnings at the beginning of the period of 2019.

2. Retrospective adjustment of the comparative data for initial implementation of new financial instrument rules and new leasing rules

☐Applicable ☒Not applicable

III. Audit report

Whether the 1st quarterly report has been audited or not

☐Yes ☒No

The 1st quarterly report of the Company has not been audited.

Changhong Meiling Co., Ltd.

Chairman: Li Wei

20 April 2019