CHANGHONG MEILING CO., LTD.

SEMI-ANNUAL FINANCIAL REPORT 2019

(Unaudited)

August 2019

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CHANGHONG MEILING CO., LTD

SEMI-ANNUAL FINANCIAL REPORT 2018 (Unaudited)

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 ChangHong Meiling Co., Ltd.

Prepared by ChangHong Meiling Co., Ltd.

2019-6-30

In RMB

Item	2019-6-30	2018-12-31
Current assets:		
Monetary funds	4,411,009,307.43	4,596,077,557.40
Settlement provisions		
Capital lent		
Tradable financial assets	2,703,222.18	
Financial assets measured by fair value and with variation reckoned into current gains/losses		9,253,635.59
Derivative financial assets		
Note receivable	1,840,222,933.51	2,387,830,887.74
Account receivable	2,622,242,540.11	1,670,988,644.76
Receivable financing		
Accounts paid in advance	43,742,930.33	86,180,459.26
Insurance receivable		
Reinsurance receivables		
Contract reserve of		

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reinsurance receivable		
Other account receivable	110,758,174.11	62,129,574.17
Including: Interest receivable	8,591,868.56	2,653,712.36
Dividend receivable		
Buying back the sale of financial assets		
Inventories	2,112,649,738.16	2,174,436,573.67
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	1,026,747,584.07	1,184,686,956.96
Total current assets	12,170,076,429.90	12,171,584,289.55
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Finance asset available for sales		45,000,000.00
Other debt investment		
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment	57,722,108.43	61,869,440.55
Investment in other equity instrument		
Other non-current financial assets	45,000,000.00	
Investment real estate	45,647,730.74	46,846,507.41
Fixed assets	1,976,351,355.11	1,733,957,012.14
Construction in progress	401,818,933.56	464,558,352.60
Productive biological asset		
Oil and gas asset		
Right-of-use assets		

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Intangible assets	866,786,314.46	817,579,958.94
Expense on Research and Development	65,320,040.34	108,210,966.60
Goodwill		
Long-term expenses to be apportioned		
Deferred income tax asset	105,537,108.75	112,203,656.75
Other non-current asset		
Total non-current asset	3,564,183,591.39	3,390,225,894.99
Total assets	15,734,260,021.29	15,561,810,184.54
Current liabilities:		
Short-term loans	1,809,384,200.27	2,336,373,929.62
Loan from central bank		
Capital borrowed		
Transactional financial liability	45,676,424.26	
Financial liability measured by fair value and with variation reckoned into current gains/losses		55,586,666.70
Derivative financial liability		
Note payable	3,579,417,021.26	3,727,754,399.60
Account payable	3,107,804,073.88	2,282,174,981.38
Accounts received in advance	339,031,201.91	354,551,354.80
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	133,097,829.10	163,638,627.79
Taxes payable	61,815,199.22	109,753,432.17
Other account payable	785,319,497.55	660,320,360.26
Including: Interest payable	14,695,840.49	7,519,756.26
Dividend payable	21,356,359.44	17,317,286.45

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Commission charge and commission payable		
Reinsurance payable		
Contractual liability		
Liability held for sale		
Non-current liabilities due within one year	7,300,000.00	273,682,737.85
Other current liabilities		
Total current liabilities	9,868,845,447.45	9,963,836,490.17
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	301,280,000.00	1,920,000.00
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable	4,370,179.20	5,017,208.00
Long-term wages payable	15,588,518.08	19,073,101.29
Accrual liability	259,358,920.04	273,063,677.21
Deferred income	180,320,644.93	160,250,963.60
Deferred income tax liabilities	2,847,503.55	3,098,699.11
Other non-current liabilities		
Total non-current liabilities	763,765,765.80	462,423,649.21
Total liabilities	10,632,611,213.25	10,426,260,139.38
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	2,684,369,598.46	2,684,369,598.46
Less: Inventory shares		
Other comprehensive income	-22,554,916.32	-18,143,569.26

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Reasonable reserve		
Surplus public reserve	399,650,743.38	400,673,993.50
Provision of general risk		
Retained profit	893,156,403.67	904,232,582.87
Total owner’ s equity attributable to parent company	4,999,219,710.19	5,015,730,486.57
Minority interests	102,429,097.85	119,819,558.59
Total owner’ s equity	5,101,648,808.04	5,135,550,045.16
Total liabilities and owner’ s equity	15,734,260,021.29	15,561,810,184.54

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

2. Balance Sheet of Parent Company

In RMB

Item	2019-6-30	2018-12-31
Current assets:		
Monetary funds	2,767,852,170.46	2,897,004,041.87
Tradable financial assets	2,703,222.18	
Financial assets measured by fair value and with variation reckoned into current gains/losses		9,253,635.59
Derivative financial assets		
Note receivable	1,809,374,669.32	2,433,243,946.64
Account receivable	1,393,222,371.79	1,050,282,023.37
Receivable financing		
Accounts paid in advance	59,536,134.59	58,710,427.38
Other account receivable	98,847,962.68	182,744,033.52
Including: Interest receivable	7,494,128.83	2,653,712.36
Dividend receivable		
Inventories	951,935,198.29	911,130,106.30
Contractual assets		

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Assets held for sale		
Non-current assets maturing within one year		
Other current assets	984,470,915.67	1,113,987,528.70
Total current assets	8,067,942,644.98	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	1,739,960,685.23	1,731,109,903.70
Investment in other equity instrument		
Other non-current financial assets	45,000,000.00	
Investment real estate	7,447,430.69	7,618,550.16
Fixed assets	1,104,512,771.39	1,082,915,540.08
Construction in progress	111,683,052.79	125,064,106.10
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	495,599,729.16	462,425,105.64
Research and development costs	41,355,043.26	57,383,653.72
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	77,299,337.58	78,357,299.17
Other non-current assets		
Total non-current assets	3,622,858,050.10	3,589,874,158.57
Total assets	11,690,800,695.08	12,246,229,901.94
Current liabilities		
Short-term borrowings	1,399,874,362.25	1,911,719,726.13
Transactional financial liability	9,908,515.00	
Financial liability measured by fair value and with variation reckoned into current gains/losses		19,893,875.00

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Derivative financial liability		
Notes payable	1,993,454,714.98	2,001,442,110.63
Account payable	1,970,177,920.08	2,011,821,519.82
Accounts received in advance	107,420,882.94	105,815,140.88
Contractual liability		
Wage payable	11,286,585.57	31,271,182.48
Taxes payable	16,160,914.16	21,992,129.58
Other accounts payable	450,922,378.20	427,293,961.56
Including: Interest payable	12,358,210.18	5,801,215.14
Dividend payable	21,356,359.44	17,317,286.45
Liability held for sale		
Non-current liabilities due within one year	300,000.00	258,588,504.48
Other current liabilities		
Total current liabilities	5,959,506,273.18	6,789,838,150.56
Non-current liabilities:		
Long-term loans	301,280,000.00	1,920,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable	15,588,518.08	19,073,101.29
Accrued liabilities	252,002,095.28	266,641,323.73
Deferred income	67,561,241.16	53,118,676.50
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	636,431,854.52	340,753,101.52
Total liabilities	6,595,938,127.70	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		

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Capital public reserve	2,753,017,007.10	2,753,017,007.10
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	399,432,577.70	400,455,827.82
Retained profit	897,815,101.58	917,567,933.94
Total owner's equity	5,094,862,567.38	5,115,638,649.86
Total liabilities and owner's equity	11,690,800,695.08	12,246,229,901.94

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

3. Consolidated Profit Statement

In RMB

Item	Semi-annual of 2019	Semi-annual of 2018
I. Total operating income	9,133,162,680.94	9,271,509,569.67
Including: Operating income	9,133,162,680.94	9,271,509,569.67
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	9,117,690,815.20	9,241,256,579.51
Including: Operating cost	7,490,555,537.25	7,758,153,561.09
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		

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Reinsurance expense		
Tax and extras	80,639,759.74	65,046,860.70
Sales expense	1,244,391,756.87	1,189,741,101.32
Administrative expense	164,393,042.70	148,994,790.89
R&D expense	120,048,040.86	92,780,293.44
Financial expense	17,662,677.78	-13,460,027.93
Including: Interest expenses	57,892,999.31	60,155,710.42
Interest income	59,401,426.37	64,297,532.05
Add: other income	35,311,208.60	48,561,057.62
Investment income (Loss is listed with “-”)	11,663,963.45	14,749,419.09
Including: Investment income on affiliated company and joint venture	-8,822,000.32	-15,674,377.81
The termination of income recognition for financial assets measured by amortized cost(Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)	3,364,790.24	-18,790,911.11
Loss of credit impairment (Loss is listed with “-”)	9,545,495.95	
Losses of devaluation of asset (Loss is listed with “-”)	-10,615,932.01	-18,938,120.65
Income from assets disposal (Loss is listed with “-”)	-937,771.74	3,283,766.57
III. Operating profit (Loss is listed with “-”)	63,803,620.23	59,118,201.68
Add: Non-operating income	2,476,197.02	4,082,102.58
Less: Non-operating expense	2,362,526.37	40,791.25
IV. Total profit (Loss is listed with “-”)	63,917,290.88	63,159,513.01

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Less: Income tax expense	17,701,260.34	10,150,948.29
V. Net profit (Net loss is listed with "-")	46,216,030.54	53,008,564.72
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with '-")	46,216,030.54	53,008,564.72
2.termination of net profit (net loss listed with '-")		
(ii) Classify by ownership		
1.Net profit attributable to owner's of parent company	54,334,022.57	50,684,231.73
2.Minority shareholders' gains and losses	-8,117,992.03	2,324,332.99
VI. Net after-tax of other comprehensive income	-6,957,381.18	-8,939,360.51
Net after-tax of other comprehensive income attributable to owners of parent company	-4,411,347.06	-6,993,349.71
(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	-4,411,347.06	-6,993,349.71

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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	-4,411,347.06	-6,993,349.71
9.Other		
Net after-tax of other comprehensive income attributable to minority shareholders	-2,546,034.12	-1,946,010.80
VII. Total comprehensive income	39,258,649.36	44,069,204.21
Total comprehensive income attributable to owners of parent Company	49,922,675.51	43,690,882.02
Total comprehensive income attributable to minority shareholders	-10,664,026.15	378,322.19
VIII. Earnings per share:		
(i) Basic earnings per share	0.0520	0.0485
(ii) Diluted earnings per share	0.0520	0.0485

As for the enterprise combined under the same control, net profit of 0 Yuan achieved by the merged party before combination while 0 Yuan achieved last period

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Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

4. Profit Statement of Parent Company

In RMB

Item	Semi-annual of 2019	Semi-annual of 2018
I. Operating income	4,534,756,227.34	4,393,245,102.05
Less: Operating cost	4,032,394,105.20	3,953,902,686.95
Taxes and surcharge	37,629,052.43	29,723,713.26
Sales expenses	338,606,135.03	300,004,706.73
Administration expenses	68,435,172.51	58,197,516.76
R&D expenses	51,474,328.29	45,645,434.03
Financial expenses	8,505,383.95	13,171,889.86
Including: interest expenses	42,484,006.95	41,526,165.10
Interest income	40,313,424.26	40,939,295.98
Add: other income	18,499,284.82	36,053,817.83
Investment income (Loss is listed with “-”)	24,118,870.80	23,950,589.55
Including: Investment income on affiliated Company and joint venture	-2,832,319.70	2,089,222.50
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)	3,434,946.59	-3,400,358.37
Loss of credit impairment (Loss is listed with “-”)	12,788,678.01	
Losses of devaluation of	-2,792,854.97	-4,217,403.31

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asset (Loss is listed with “-”)		
Income on disposal of assets (Loss is listed with “-”)	-791,312.06	-877,303.84
II. Operating profit (Loss is listed with “-”)	52,969,663.12	44,108,496.32
Add: Non-operating income	220,590.00	3,746,592.46
Less: Non-operating expense		
III. Total Profit (Loss is listed with “-”)	53,190,253.12	47,855,088.78
Less: Income tax	1,057,961.59	-2,433,879.71
IV. Net profit (Net loss is listed with “-”)	52,132,291.53	50,288,968.49
(i)continuous operating net profit (net loss listed with ‘-”)	52,132,291.53	50,288,968.49
(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		

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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	52,132,291.53	50,288,968.49
VII. Earnings per share:		
(i) Basic earnings per share	0.0499	0.0481
(ii) Diluted earnings per share	0.0499	0.0481

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

5. Consolidated Cash Flow Statement

In RMB

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Item	Semi-annual of 2019	Semi-annual of 2018
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	8,808,462,153.80	7,815,961,903.35
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		
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	190,487,049.58	287,003,816.39
Other cash received concerning operating activities	77,246,943.31	125,462,336.78
Subtotal of cash inflow arising from operating activities	9,076,196,146.69	8,228,428,056.52
Cash paid for purchasing commodities and receiving labor service	7,057,460,101.03	6,674,753,714.94
Net increase of customer loans and advances		
Net increase of deposits in		

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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	823,360,788.76	812,465,740.75
Taxes paid	300,839,972.73	176,250,920.48
Other cash paid concerning operating activities	521,051,283.98	404,468,319.29
Subtotal of cash outflow arising from operating activities	8,702,712,146.50	8,067,938,695.46
Net cash flows arising from operating activities	373,484,000.19	160,489,361.06
II. Cash flows arising from investing activities:		
Cash received from recovering investment	1,384,000,000.00	1,100,000,000.00
Cash received from investment income	31,627,554.38	19,903,288.36
Net cash received from disposal of fixed, intangible and other long-term assets	1,677,670.77	335,030.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	54,906,734.15	84,470,020.72
Subtotal of cash inflow from investing activities	1,472,211,959.30	1,204,708,339.08
Cash paid for purchasing fixed, intangible and other	202,145,813.88	271,319,288.71

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long-term assets		
Cash paid for investment	1,254,000,000.00	2,280,000,001.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	11,141,590.61	270,000.00
Subtotal of cash outflow from investing activities	1,467,287,404.49	2,551,589,289.71
Net cash flows arising from investing activities	4,924,554.81	-1,346,880,950.63
III. Cash flows arising from financing activities		
Cash received from absorbing investment		24,865,000.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		24,865,000.00
Cash received from loans	1,139,670,561.25	1,505,066,261.86
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	1,139,670,561.25	1,529,931,261.86
Cash paid for settling debts	1,614,633,080.08	1,614,170,535.14
Cash paid for dividend and profit distributing or interest paying	100,227,663.84	53,723,439.04
Including: Dividend and profit of minority shareholder paid by subsidiaries	2,274,030.00	
Other cash paid concerning financing activities	25,441,649.20	2,015,179.95
Subtotal of cash outflow from financing activities	1,740,302,393.12	1,669,909,154.13

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Net cash flows arising from financing activities	-600,631,831.87	-139,977,892.27
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	3,541,851.94	2,847,735.86
V. Net increase of cash and cash equivalents	-218,681,424.93	-1,323,521,745.98
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	4,265,961,763.00	3,766,244,024.41

Legal Representative: Wu Dinggang

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

Item	Semi-annual of 2019	Semi-annual of 2018
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	4,398,710,855.09	3,719,566,923.02
Write-back of tax received	86,062,145.56	119,492,496.21
Other cash received concerning operating activities	30,523,890.39	42,262,676.35
Subtotal of cash inflow arising from operating activities	4,515,296,891.04	3,881,322,095.58
Cash paid for purchasing commodities and receiving labor service	3,813,992,469.51	3,286,810,130.57
Cash paid to/for staff and workers	263,503,252.87	263,976,937.91
Taxes paid	64,988,153.11	41,814,106.04
Other cash paid concerning	197,408,073.39	165,818,202.68

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operating activities		
Subtotal of cash outflow arising from operating activities	4,339,891,948.88	3,758,419,377.20
Net cash flows arising from operating activities	175,404,942.16	122,902,718.38
II. Cash flows arising from investing activities:		
Cash received from recovering investment	1,384,000,000.00	1,060,000,000.00
Cash received from investment income	36,217,554.38	22,524,918.51
Net cash received from disposal of fixed, intangible and other long-term assets	1,320,000.00	220,000.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	278,374,247.03	72,631,956.88
Subtotal of cash inflow from investing activities	1,699,911,801.41	1,155,376,875.39
Cash paid for purchasing fixed, intangible and other long-term assets	93,641,143.54	84,879,645.66
Cash paid for investment	1,260,000,000.00	2,290,704,000.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	59,266,363.88	30,000,000.00
Subtotal of cash outflow from investing activities	1,412,907,507.42	2,405,583,645.66
Net cash flows arising from investing activities	287,004,293.99	-1,250,206,770.27
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	909,409,999.44	1,144,720,995.00

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Cash received from issuing bonds		
Other cash received concerning financing activities	55,543,648.47	6,540,910.71
Subtotal of cash inflow from financing activities	964,953,647.91	1,151,261,905.71
Cash paid for settling debts	1,373,985,025.00	1,133,072,000.00
Cash paid for dividend and profit distributing or interest paying	90,576,186.82	48,536,956.18
Other cash paid concerning financing activities	115,345,079.52	119,502,958.37
Subtotal of cash outflow from financing activities	1,579,906,291.34	1,301,111,914.55
Net cash flows arising from financing activities	-614,952,643.43	-149,850,008.84
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	1,260,766.69	-2,715,680.93
V. Net increase of cash and cash equivalents	-151,282,640.59	-1,279,869,741.66
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	2,743,102,170.46	2,130,159,682.88

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao
Person in charge of accounting institute: Luo Bo

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

Current period

In RMB

Item	Semi-annual of 2019													
	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	Other	Subtotal	
		Preferred stock	Perpetual capital securities	Other										
I. Balance at the end of the last year	1,044,597,881.00				2,684,369,598.46		-18,143,569.26		400,673,993.50		904,232,582.87		5,015,730,486.57	119,819,558.59	5,135,550,045.16
Add: Changes of accounting policy									-1,023,250.12		-2,734,328.91		-3,757,579.03	-4,385,295.55	-8,142,874.58
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				2,684,369,598.46		-18,143,569.26		399,650,743.38		901,498,253.96		5,011,972,907.54	115,434,263.04	5,127,407,170.58
III. Increase/ Decrease in this year (Decrease is listed with "-")							-4,411,347.06				-8,341,850.29		-12,753,197.35	-13,005,165.19	-25,758,362.54
(i) Total comprehensive							-4,411,347.06				54,334,022.57		49,922,675.51	-10,664,026.15	39,258,649.36

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income															
(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											-62,675,872.86		-62,675,872.86	-2,341,139.04	-65,017,011.90
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)											-62,675,872.86		-62,675,872.86	-2,274,030.00	-64,949,902.86
4. Other														-67,109.04	-67,109.04
(IV) Carrying forward internal owners' equity															
1. Capital reserves conversed to capital (share capital)															
2. Surplus reserves conversed to capital															

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(share capital)															
3. Remedying loss with surplus reserve															
4. Carry-over retained earnings from the defined benefit plans															
5. Carry-over retained earnings from other comprehensive income															
6. 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				2,684,369,598.46		-22,554,916.32		399,650,743.38		893,156,403.67		4,999,219,710.19	102,429,097.85	5,101,648,808.04

Last period

In RMB

Item	Semi-annual of 2018														
	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	Other	Subtotal		
		Preferred stock	Perpetual capital secur	Other											

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			ities												
I. Balance at the end of the last year	1,044,597,881.00				2,684,806,344.07		-7,262,322.02		391,029,420.33		937,894,771.93		5,051,066,095.31	106,110,485.80	5,157,176,581.11
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				2,684,806,344.07		-7,262,322.02		391,029,420.33		937,894,771.93		5,051,066,095.31	106,110,485.80	5,157,176,581.11
III. Increase/ Decrease in this year (Decrease is listed with "-")					-418,120.44		-6,993,349.71				-11,991,641.13		-19,403,111.28	22,295,176.11	2,892,064.83
(i) Total comprehensive income							-6,993,349.71				50,684,231.73		43,690,882.02	378,322.19	44,069,204.21
(ii) Owners' devoted and decreased capital					-418,120.44								-418,120.44	22,865,000.00	22,446,879.56
1.Common shares invested by shareholders														22,865,000.00	22,865,000.00
2. Capital invested by holders of other															

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equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other					-418,120.44								-418,120.44		-418,120.44
(III) Profit distribution											-62675872.86		-62,675,872.86	-948,146.08	-63,624,018.94
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)											-62,675,872.86		-62,675,872.86	-1,366,265.52	-64,042,138.38
4. Other														418,119.44	418,119.44
(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															

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reserve															
4. Carry-over retained earnings from the defined benefit plans															
5. Carry-over retained earnings from other comprehensive income															
6. 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				2,684,388,223.63		-14,255,671.73		391,029,420.33		925,903,130.8		5,031,662,984.03	128,405,661.91	5,160,068,645.94

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

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

Current period

In RMB

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Item	Semi-annual of 2019											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	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				400,455,827.82	917,567,933.94		5,115,638,649.86
Add: Changes of accounting policy									-1,023,250.12	-9,209,251.03		-10,232,501.15
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				399,432,577.70	908,358,682.91		5,105,406,148.71
III. Increase/ Decrease in this year (Decrease is listed with "-")										-10,543,581.33		-10,543,581.33
(i) Total comprehensive income										52,132,291.53		52,132,291.53
(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										-62,675,872.86		-62,675,872.86
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-62,675,872.86		-62,675,872.86

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3. 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. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. 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				399,432,577.70	897,815,101.58		5,094,862,567.38

Last period

In RMB

Item	Semi-annual of 2018											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	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	893,442,648.28		5,081,868,791.03

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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	893,442,648.28		5,081,868,791.03
III. Increase/ Decrease in this year (Decrease is listed with "-")										-12,386,904.37		-12,386,904.37
(i) Total comprehensive income										50,288,968.49		50,288,968.49
(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										-62,675,872.86		-62,675,872.86
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-62,675,872.86		-62,675,872.86
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves conversed to capital (share capital)												
2. Surplus reserves conversed to capital (share capital)												

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3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. 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	881,055,743.91		5,069,481,886.66

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao
Person in charge of accounting institute: Luo Bo

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I. Company profile

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

State-owned Assets Supervision & Administration Commission of the State Council approved such transfers with Document Guozi Chanquan No.253 in 2007 Reply on Matters of Hefei Meiling Group Holdings Company Limited Transferring Partial State-owned Ownership, Hefei Meiling Group Holdings Company Limited (hereinafter abbreviated as Meiling Group) transferred its holding 37,852,683 shares in 82,852,683 state-owned shares of the Company to Sichuan Changhong Electronic Group Co., Ltd (hereinafter abbreviated as Changhong Group), other 45,000,000 shares to Sichuan Changhong Electric Co. Ltd (hereinafter abbreviated as Sichuan Changhong). On Aug 15, 2007, the above ownership was 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. 752] 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

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shareholders" [GZCQ (2008) No. 1413] issued by SASAC agrees the above said share transferring.

On 24 December 2010, being deliberated and approved in 32nd Session of 6th BOD 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 Session of the 8th BOD 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 RMB 4.70 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 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 2019, total share capital of the Company amounting to 1,044,597,881shares with ordinary

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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
(I)Restricted shares	**80,788,526**	**7.73%**
1. State-owned shares		
2. State-owned legal person's shares	70,793,625	6.78%
3. Other domestic shares	8,727,481	0.83%
Including: Domestic legal person's shares	4,716,077	0.45%
Domestic natural person's shares	4,011,404	0.38%
4. Foreign shares	1,267,420	0.12%
Including: Overseas natural person's shares	1,267,420	0.12%
(II)Unrestricted shares	**963,809,355**	**92.27%**
1. RMB Ordinary shares	802,212,775	76.80%
2. Domestically listed foreign shares	161,596,580	15.47%
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: Wu Dinggang; 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 Macao) Business Scope: R&D, manufacture and sales of cooling apparatus, air-conditioner, washing machine, water heater, kitchenware, home decoration, bathroom, lamps & lanterns, household & similar appliance, injection plastic machine of computer controlling, plastic products, metalwork, packaging products and decorations as well as the installation and technical consultant services. 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 38 subsidiaries including Sichuan Changhong Air-conditioner Co., Ltd., Zhongshan Changhong Electric Co., Ltd, Zhongke Meiling Cryogenic Technology Co., Ltd and so on. As compared to previous year, Nanchang Xiangyou Electronic Appliance Marketing Co.,Ltd was liquidated out of the scope, Hefei Meiling Wulian Technology Co., Ltd and Anhui Tuoxing Technology Co., Ltd are established in the period. More detail can be seen in "VII. Changes of consolidated scope" and "VIII. Rights and interest in other subjects" in the Note.

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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 "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, 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. Operation cycle

Operation cycle of the Company was 12 months, and it is the standard of flow classification for assets and liabilities.

4. Standard currency for accounting

The Company takes RMB as the standard currency for accounting.

5. 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

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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.

6. 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 years 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

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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 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 lost of control.

If the disposal of the equity investment of a subsidiary is realized through multiple transactions until loss of

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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.

7. 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 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.

8. 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 can not be used for payment at any time, it would be note 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.

9. 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

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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.

10. Financial instrument

A financial asset or liability is recognized when the Company becomes a party to a financial instrument contract. The financial assets and financial liabilities are measured at fair value on initial recognition. For the financial assets and liabilities measured by fair value and with variation reckoned into current gains/losses, the related transaction expenses are directly included in current gains or losses; for other types of financial assets and liabilities, the related transaction costs are included in the initial recognition amount.

(1) Method for determining the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can get by selling an asset or has to pay for transferring a liability in an orderly transaction that occurs on the measurement date. For a financial instrument having an active market, the Company uses the quoted prices in the active market to determine its fair value. Quotations in an active market refer to prices that are readily available from exchanges, brokers, industry associations, pricing services, etc., and represent the prices of market transactions that actually occur in an arm's length transaction. If there is no active market for a financial instrument, the Company uses valuation techniques to determine its fair value. Valuation techniques include reference to prices used in recent market transactions by parties familiar with the situation and through voluntary trade, and reference to current fair values of other financial instruments that are substantially identical, discounted cash flow methods, and option pricing models.

(2) Category and measurement on financial assets

The Company divided the financial assets as the follow while initially recognized: the financial assets measured at amortized cost; the financial assets measured at fair value and whose changes are included in other comprehensive income; and the financial assets measured by fair value and with variation reckoned into current gains/losses. The classification of financial assets depends on the business model that the Company 's enterprises manage the financial assets and the cash flow characteristics of the financial assets.

The financial assets measured at amortized cost

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Financial assets are classified as financial assets measured at amortized cost when they also meet the following conditions: The group's business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial assets stipulate that cash flow generated on a specific date is only paid for the principal and interest based on the outstanding principal amount. For such financial assets, the effective interest method is used for subsequent measurement according to the amortized cost, and the gains or losses arising from amortization or impairment are included in current profits and losses. Such financial assets mainly include monetary funds, notes receivable, accounts receivable, other receivables, debt investment and long-term receivables, and so on. The Company lists the debt investment and long-term receivables due within one year (including one year) from the balance sheet date as non-current assets due within one year, and lists the debt investment with time limit within one year (including one year) when acquired as other current assets.

The financial assets measured at fair value and whose changes are included in other comprehensive income

Financial assets are classified as financial assets measured at fair value and whose changes are included in other comprehensive income when they also meet the following conditions: The Company 's business model for managing the financial assets is targeted at both the collection of contractual cash flows and the sale of financial assets; the contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. For such financial assets, fair value is used for subsequent measurement. The discount or premium is amortized by using the effective interest method and is recognized as interest income or expenses. Except the impairment losses and the exchange differences of foreign currency monetary financial assets are recognized as the current profits and losses, the changes in the fair value of such financial assets are recognized as other comprehensive income until the financial assets are derecognized, the accumulated gains or losses are transferred to the current profits and losses. Interest income related to such financial assets is included in the current profit and loss. Such financial assets are listed as other debt investments, other debt investments due within one year (including one year) from the balance sheet date are listed as non-current assets due within one year; and other debt investments with time limit within one year (including one year) when acquired are listed as other current assets.

Financial assets measured by fair value and with variation reckoned into current gains/losses

Financial assets except for the above-mentioned financial assets measured at amortized cost and financial assets measured at fair value and whose changes are included in other comprehensive income are classified as financial assets measured at fair value and whose changes are included in current profits and losses, which adopt fair value for subsequent measurement and all changes in fair value are included in current profits and losses. The Company classifies non-trading equity instruments as financial assets measured at fair value and whose changes are included in current profits and losses. Such financial assets are presented as trading financial assets, and those expire after more than one year and are expected to be held for more than one year are presented as other non-current financial assets.

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(2) Devaluation of financial instrument

On the basis of expected credit losses, the Company performs impairment treatment on financial assets measured at amortized cost and financial assets measured at fair value and whose changes are included in other comprehensive income and recognize the provisions for loss.

Credit loss refers to the difference between all contractual cash flows that the Company discounts at the original actual interest rate and are receivable in accordance with contract and all cash flows expected to be received, that is, the present value of all cash shortages. Among them, for the purchase or source of financial assets that have suffered credit impairment, the Company discounts the financial assets at the actual interest rate adjusted by credit.

The Company considers all reasonable and evidenced information, including forward-looking information, based on credit risk characteristics. When assessing the expected credit losses of receivables, they are classified according to the specific credit risk characteristics as follows:

1) For receivables and contractual assets and lease receivables (including significant financing components and not including significant financing components), the Company measures the provisions for loss based on the amount of expected credit losses equivalent to the entire duration.

①. Evaluate expected credit losses based on individual items: credit notes receivable (including accepted letters of credit) of financial institutions in notes receivable and accounts receivable, and related party payments (related parties under the same control and significant related parties); dividends receivable, interest receivable, reserve funds, investment loans, cash deposits (including warranty), government grants (including dismantling subsidies) in other receivables, and receivables with significant financing components (i.e. long-term receivables);

②. Evaluate expected credit losses based on customer credit characteristics and ageing combinations: in addition to evaluating expected credit losses based on individual items, the Company evaluates the expected credit losses of notes receivable and accounts receivable and other receivables financial instruments based on customer credit characteristics and ageing combinations.

The Company considers all reasonable and evidenced information, including forward-looking information, when assessing expected credit losses. When there is objective evidence that its customer credit characteristics and ageing combination cannot reasonably reflect its expected credit loss, the current value of the expected future cash flow is measured by a single item, and the cash flow shortage is directly written down the book balance of the financial asset.

2) Assess the expected credit losses on a case-by-case basis for other assets to which the financial instruments are impaired, such as the loan commitments and financial guarantee contracts that are not

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measured at fair value through profit or loss, financial assets measured at fair value and whose changes are recognized in other comprehensive income; other financial assets measured at amortized cost (such as other current assets, other non-current financial assets, etc.).

(3) Reorganization basis and measure method for 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 extent of continuing involvement in the transferred financial assets refers to the level of risk arising from the changes in financial assets value faced by the enterprise.

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

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

When the Company sells financial assets adopting the mode of recourse, or endorses and transfers its financial assets, it is necessary to ensure whether almost all the risks and rewards of ownership of the financial assets have been transferred. If almost all the risks and rewards of ownership of the financial assets have been transferred to the transferee, the financial assets shall be derecognized; if almost all the risks and rewards of ownership of the financial assets are retained, the financial assets shall not be derecognized; if almost all the risks and rewards of ownership of the financial assets are neither transferred nor retained, continue to judge whether the company retains control over the assets, and conduct accounting treatment according to the principles described in the preceding paragraphs.

(4) Category and measurement of financial liability

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Financial liability is classified into financial liability measured by fair value and with variation reckoned into current gains/losses and other financial liability at initially measurement. Financial liability shall be initially recognized and measured at fair value. As for the financial liability measured by fair value and with variation reckoned into current gains/losses, relevant trading costs are directly reckoned into current gains/losses while other financial liability shall be reckoned into the initial amount recognized.

① the financial liability measured by fair value and with variation reckoned into current gains/losses

The conditions to be classified as transactional financial liabilities and as financial liabilities designated to be measured at fair value and whose changes are included in current profit or loss at the initial recognition are consistent with the conditions to be classified as transactional financial assets and as financial assets designated to be measured at fair value and whose changes are included in current profit or loss at the initial recognition. Financial liabilities measured at fair value and whose changes are included in current profit or loss are subsequently measured at fair value, and the gain or loss arising from changes in fair value and the dividends and interest expense related to these financial liabilities are included in current profit or loss.

② Other financial liability

It must go through the delivery of the derivative financial liabilities settled by the equity instrument to link to the equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured, and the subsequent measurement is carried out in accordance with the cost. Other financial liabilities are subsequently measured at amortized cost by using the effective interest method. The gain or loss arising from derecognition or amortization is included in current profit or loss.

③Financial guarantee contract

The financial guarantee contract of a financial liability which is not designated to be measured at fair value through profit or loss is initially recognized at fair value, and its subsequent measurement is carried out by the higher one between the amount confirmed in accordance with the Accounting Standards for Business Enterprises No. 13 — Contingencies after initial recognition and the balance after deducting the accumulated amortization amount determined in accordance with the principle of Accounting Standards for Business Enterprises No. 14—Revenue from the initial recognition amount.

(6) Termination of recognition of financial liability

The financial liability or part of it can only be derecognized when all or part of the current obligation of the financial liability has been discharged. The Company (debtor) and the creditor sign an agreement to replace the existing financial liabilities with new financial liabilities, and if the contract terms of the new financial liabilities are substantially different from the existing financial liabilities, derecognize the existing financial liabilities and at the same time recognize the new financial liabilities. If the financial liability is derecognized in whole or in part, the difference between the carrying amount of the derecognized part and the

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consideration paid (including the transferred non-cash assets or the assumed new financial liabilities) is included in current profits and losses.

(7) Balance-out between the financial assets and liabilities

As the Company has the legal right to balance out the financial liabilities by the net or liquidation of the financial assets, the balance-out sum between the financial assets and liabilities is listed in the balance sheet. In addition, the financial assets and liabilities are listed in the balance sheet without being balanced out.

(8) Derivatives and embedded derivatives

Derivatives are initially measured at fair value on the signing date of the relevant contract, and are subsequently measured at fair value. Except for derivatives that are designated as hedging instruments and are highly effective in hedging, the gains or losses arising from changes in fair value will be determined based on the nature of the hedging relationship in accordance with the requirements of the hedge accounting and be included in the period of profit and loss, other changes in fair value of derivatives are included in current profits and losses. For a hybrid instrument that includes an embedded derivative, if it is not designated as a financial asset or financial liability measured at fair value and whose changes are included in current profit or loss, the embedded derivative does not have a close relationship with the main contract in terms of economic characteristics and risks, and as with embedded derivatives, if the tools existing separately conform to the definition of the derivatives, the embedded derivatives are split from the hybrid instruments and are treated as separate derivative financial instruments. If it is not possible to measure the embedded derivative separately at the time of acquisition or subsequent balance sheet date, the whole hybrid instrument is designated as a financial asset or financial liability measured at fair value and whose changes are included in current profits and losses.

(9) Equity instrument

The equity instrument is the contract to prove the holding of the surplus stock of the assets with the deduction of all liabilities in the Company. The Company issues (including refinancing), repurchases, sells or cancels equity instruments as movement of equity. No fair value change of equity instrument would be recognized by the Company.

Transaction costs associated with equity transactions are deducted from equity. The Company's various distributions to equity instrument holders (excluding stock dividends) reduce shareholders' equity.

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, mould and engineering construction etc.

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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 transfer 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 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

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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 loss 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 it 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 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:

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Category	Depreciation term	Predicted rate of salvage value	Depreciation rate per annual
House 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 equipment, transportation equipment and other equipment

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 recognization of fixed assets, they would be accounted as fixed asset cost; and for the part which is replaced, recognization of its carrying value shall cease; for those not meeting requirements for recognization of fixed assets, they shall be accounted in current gains and losses as long as they occur. When fixed asset is disposed, or no economic benefit would be predicted to obtain through utilization or disposal of the asset, the Company shall terminate recognization 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.

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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.	Category	Depreciation term	Predicted rate of salvage value	Depreciation rate per year
1	House and buildings	30-40 years	4%-5%	2.375%-3.20%
2	Machinery equipment	10-14 years	4%-5%	6.786%-9.60%
3	Transport equipment	5-12 years	4%-5%	7.92%-19.20%
4	Other equipment	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 equipment, 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 recognization of capitalized amount of common borrowing, it equals to the weighted average of the assets whose accumulated expense or capital disburse is more than common borrowing times capitalization rate of

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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:

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(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;

(3) There is market for products produced with this intangible asset 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 Company or assets Company 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 greatly

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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

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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 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.Accrual liability

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 cab be unfailingly calculated, the economic benefits related to labor service are likely to flow into the Company, 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

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service income.

(3) The economy benefits 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 subsidy

Government subsidy is recognized when the Company fulfils the conditions attached to them and there is reasonable assurance that the grant will be received. The Government subsidy, other than fiscal subsidy, received by the Company shall be accounted on an aggregate basis. In particular, the Government subsidies relating to ordinary activities would be included in other income; the Government subsidies not relating to ordinary activities would be included in non-operating income.

When the Government subsidy is in the form of monetary assets, it is measured at the actual amount received. When the grant is provided based on a pre-determined rate, it is measured at the fair value of the amount receivable. When the Government subsidy is in the form of non-monetary assets, it is measured at fair value, and measured at the nominal value of RMB1.00 in case of failure to obtain reliable fair value.

(1) Basis of determination and accounting of Government subsidy relating to assets

Government subsidy relating to assets refers to that obtained by the Company for the purpose of acquiring or otherwise formation of long-term assets. Government subsidy relating to assets is deemed as that relating to ordinary activities in principle and recognized as deferred income upon receipt. The Government subsidy shall be allocated averagely over the life of use of relevant assets and accounted in other income.

(2) Basis of determination and accounting of Government subsidy relating to income

Government subsidy relating to income refers to the Government subsidy other than that relating to assets. Government subsidy relating to income shall be recognized as deferred income if the grant is used to compensate the Company's expenses or losses for subsequent periods, and shall be accounted in profit or loss for the period during the period in which the relevant expense is recognized. Those grants relating to our ordinary activities are recorded in other income in the period in which the relevant expenses or losses are recognized. Those grants not relating to our ordinary activities are recorded in non-operating income in the period in which the relevant expenses or losses are recognized. Government subsidies used to compensate the relevant costs or losses incurred by the Company and relating to our ordinary activities shall be accounted in other income directly upon receipt of the grant, and accounted in non-operating income directly upon receipt if it is not related to our ordinary activities.

With respect to Government subsidy comprising both portions relating to assets and income, it shall be accounted separately based on different portions, and it shall be aggregated as that relating to income if it is

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difficult to distinguish the two portions.

(3) The policy-related preferential loan received by the Company shall be accounted separately in the following two manners:

In case that government's appropriation of interest subsidy is made to the lending bank, the Company shall account for the relevant loan based on the actual amount of loan received by it, and calculate the borrowing expense based on the principal of the borrowing and the policy-related preferential interest rate.

In case that government's appropriation of interest subsidy is made to the Company, the Company applied the relevant interest subsidy to offset borrowing expense.

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 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. Held-for-sale

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(1)The Company classifies non-current assets or disposal groups that meet all of the following conditions as held-for-sale: 1) according to the practice of selling this type of assets or disposal groups in a similar transaction, the non-current assets or disposal group can be sold immediately at its current condition; 2) The sale is likely to occur, that is, the Company has made resolution on the selling plan and obtained definite purchase commitment, the selling is estimated to be completed within one year. Those assets whose disposal is subject to approval from relevant authority or supervisory department under relevant requirements are subject to that approval. Prior to the preliminary classification of non-current assets or disposal group as the category of held-for-sale, the Company measures the carrying value of the respective assets and liabilities within the non-current assets or disposal group under relevant accounting standards. For non-current asset or disposal group held for sale, for which it is found that the carrying value is higher than its fair value less disposal expense during the initial measurement or re-measurement on the balance sheet date, the carrying value shall be deducted to the net amount of fair value less disposal expense, and the reduced amount shall be recognized as impairment loss in profit or loss for the period, and provision of impairment of assets held for sale shall be provided for accordingly.

(2)The non-current assets or disposal group that the Company has acquired specially for resale are classified as held for sale on the acquisition date when they meet the condition that "the selling is estimated to be completed within one year" on the acquisition date, and are likely to satisfy other conditions of being classified as the type of held for sale in a short-term (usually being 3 months). Non-current assets or disposal group classified as held for sale are measured at the lower of their initial measurement amount and the net amount after their fair value less the selling expenses based on the assumption that such non-current assets or disposal group are not classified as held for sale at the time of initial measurement. Except for the non-current assets or disposal group acquired in a business combination, the difference arising from considering the net amount of such non-current assets or disposal group after their fair value less the selling expenses as the initial measurement amount is recorded in the current profit or loss.

(3)In case of loss of control over the subsidiaries due to the sales of investment in subsidiaries, no matter whether the Company retains part of the equity investment after selling investment in subsidiaries, the investment in subsidiaries shall be classified as held for sale on an aggregate basis in the separate financial statements of the parent company when the investment in subsidiaries proposed to be sold satisfies the conditions for being classified as held for sale; and all the assets and liabilities of the subsidiary shall be classified as held for sale in the consolidated financial statements.

(4)If the net amount of fair value of non-current assets held for sale less sales expense on subsequent balance sheet date increases, the amount previously reduced for accounting shall be recovered and reverted from the impairment loss recognized after the asset is classified under the category of held for sale, with the amount reverted recorded in profit or loss for the period. Impairment loss recognized before the asset is classified under the category of held for sale shall not be reverted.

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(5)For the amount of impairment loss on assets, the carrying value of disposal group's goodwill shall be offset against first, and then offset against the book value of non-current assets according to the proportion of book value of non-current assets.

If the net amount of fair value of the disposal group held for sale on the subsequent balance sheet date less sales expenses increases, the amount reduced for accounting in previous periods shall be restored, and shall be reverted in the impairment loss recognized in respect of the non-current assets which are applicable to relevant measurement provisions after classification into the category of held for sale, with the reverted amount charged in profit or loss for the current period. The written-off carrying value of goodwill and impairment loss of non-current assets which is recognized prior to classification into the category of held for sale shall not be reverted.

The subsequent reversed amount in respect of the impairment loss on assets recognized in the disposal group held for sale will increase the book value in proportion of the book value of each non-current asset (other than goodwill) in the disposal group.

(6) The non-current assets in the non-current assets or disposal group held for sale is not depreciated or amortized, and the debt interests and other fees in the disposal group held for sale continue to be recognized.

(7)If the non-current assets or disposal group are no longer classified as held for sale since they no longer meet the condition of being classified as held for sale or the non-current assets are removed from the disposal group held for sale, they will be measured at the lower of the following: 1) the amount after their book value before they are classified as held for sale is adjusted based on the depreciation, amortization or impairment that should have been recognized given they are not classified as held for sale; 2) the recoverable amount.

(8) The unrecognized profits or loss will be recorded in the current profits or loss when derecognizing the non-current assets or disposal group held for sale.

29. Discontinued operation

A discontinued operation is a separately identified component of the Group that either has been disposed of or is classified as held for sale, and satisfies one of the following conditions: (1) represents a separate major line of business or geographical area of operations; (2) is part of a single co-ordinate plan to dispose of a separate major line of business or geographical area of operations; and (3) is a subsidiary acquired exclusively with a view to resale.

30. 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,

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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.

31. Segment information

Business segment was the major reporting form of the Company, which divided into 4 parts: air-conditioner, refrigerator and freezer, marketing 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.

32. Explanation on significant accounting estimation

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

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

(1) Inventory impairment provision

The Company provides impairment provision according to the type of finished products and goods delivered under fixed proportion, 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 equipment 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

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

(3) Accounting estimation on realization of deferred income tax assets

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

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 (probility, 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.

33. 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 can not 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 can not be reclassified into gains and losses in future accounting periods,and Changes in fair value

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of investments of non-transactional equity instruments that are measured at fair value and whose changes are included in other comprehensive income, financial liabilities measured at fair value whose changes are included in current profit or loss, and the amount that is included in other comprehensive income due to changes in fair value caused by changes in the company's own credit risk;

(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 Changes in fair value occurred in investments of non-transactional equity instruments that are measured at fair value and whose changes are included in other comprehensive income, when a financial asset measured at amortized cost is reclassified as a financial asset measured at fair value and whose changes are included in other comprehensive income, the difference between the original book value included in other comprehensive income and the fair value, the loss provision for financial assets measured at fair value and whose changes are included in other comprehensive income, gains or losses occurred by cash flow hedging instruments attributable to effective hedge, foreign currency financial statement translation difference, etc.

34. Change of significant accounting policies and accounting estimates

(1) Change of significant accounting policy

In 2017, the Ministry of Finance revised and issued the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments and Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets , Accounting Standards for Business Enterprises No. 24 - Hedge Accounting, and issued the Accounting Standards for Business Enterprises No. 37 – Financial Instruments Presentation (the above-mentioned standards are collectively referred to as the "New Financial Instruments Standards"), and the domestic listed companies are required to put them into force from January 1, 2019. And in 2019, the Notice on Revising and Printing the Format of Financial Statements for General Enterprises in 2019 was issued, the Company and its subsidiaries will implement the above mentioned Revision on Accounting Standards and Notices, relevant content in financial statement and accounting policy are changed as:

The Company and its subsidiaries implemented the new financial instrument standards for the first time in the current period, according to the provisions of CK No. (2019) 6 of the Accounting Department of the Ministry of Finance, the impacts of the above accounting policy changes on the merger and the opening balance of the parent company's balance sheet are as follows:

Item affected	Consolidated balance sheet			Balance sheet of parent company		
	31 December 2018 (Before adjustment)	**Amount adjusted**	**1 Jan. 2019 (Amount adjusted)**	**31 December 2018 (Before adjustment)**	**Amount adjusted**	**1 Jan. 2019 (Amount adjusted)**

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Financial assets measured by fair value and with variation reckoned into current gains/losses	9,253,635.59	-9,253,635.59		9,253,635.59	-9,253,635.59	
Tradable financial assets		9,253,635.59	9,253,635.59		9,253,635.59	9,253,635.59
Note receivable	2,387,830,887.74	-17,262,634.10	2,370,568,253.64	2,433,243,946.64	-13,500,000.00	2,419,743,946.64
Account receivable	1,670,988,644.76	2,373,491.53	1,673,362,136.29	1,050,282,023.37	-2,512,900.06	1,047,769,123.31
Other account receivable	62,129,574.17	1,063,166.76	63,192,740.93	182,744,033.52	97,297.68	182,841,331.20
Financial assets available for sale	45,000,000.00	-45,000,000.00		45,000,000.00	-45,000,000.00	
Other on-current financial assets		45,000,000.00	45,000,000.00		45,000,000.00	45,000,000.00
Long-term equity investment	61,869,440.55	5,683,101.23	67,552,541.78	1,731,109,903.70	5,683,101.23	1,736,793,004.93
Financial liability measured by fair value and with variation reckoned into current gains/losses	55,586,666.70	-55,586,666.70		19,893,875.00	-19,893,875.00	
Tradable financial liability		55,586,666.70	55,586,666.70		19,893,875.00	19,893,875.00
Surplus reserves	400,673,993.50	-1,023,250.12	399,650,743.38	400,455,827.82	-1,023,250.12	399,432,577.70
Retained profit	904,232,582.87	-2,734,328.91	901,498,253.96	917,567,933.94	-9,209,251.03	908,358,682.91
Minority's interest	119,819,558.59	-4,385,295.55	115,434,263.04			

The Company and its subsidiaries prepared the 2019 semi-annual financial statements in accordance with the financial statements format specified in CK No. (2019) 6, and changed the presentation of relevant financial

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statements by using the retrospective adjustment method. The impacts of the related presentation adjustments on the consolidation and the opening balance of the parent company's balance sheet are as follows:

Item affected	Consolidate balance sheet			Balance sheet of parent company		
	31 December 2018 (Before adjustment)	Amount adjusted	1 Jan. 2019 (Amount adjusted)	31 December 2018 (Before adjustment)	Amount adjusted	1 Jan. 2019 (Amount adjusted)
Account receivable and Note receivable	4,043,930,389.93	-4,043,930,389.93		3,467,513,069.95	-3,467,513,069.95	
Note receivable		2,370,568,253.64	2,370,568,253.64		2,419,743,946.64	2,419,743,946.64
Account receivable		1,673,362,136.29	1,673,362,136.29		1,047,769,123.31	1,047,769,123.31
Account payable and note payable	6,009,929,380.98	-6,009,929,380.98		4,013,263,630.45	-4,013,263,630.45	
Note payable		3,727,754,399.60	3,727,754,399.60		2,001,442,110.63	2,001,442,110.63
Account payable		2,282,174,981.38	2,282,174,981.38		2,011,821,519.82	2,011,821,519.82

(2) Change of significant accounting estimates

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

V. Taxation

1. Major taxes (expenses) and tax rates

Tax(expenses)	Tax base	Tax rate
VAT	Income from sales of goods and from processing	16%/13%; 10%/9%; 6%; 5%
Urban maintenance and construction tax	Turnover tax	5% or 7%
Education surcharge	Turnover tax	3%
Local education surcharge	Turnover tax	2%
Corporate income tax	Taxable income	15% or 25%
Real estate tax	Original Book value of house property×(1-30%)or annual rent income	1.2% or 12%
Land use tax	Actual land area used	1 Yuan/M^2 to 15 Yuan /M^2

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2. Preferential tax and approval documents

The Company and its subsidiary Zhongke Meiling Cryogenics Technology Co., Ltd 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 Co., Ltd enjoys 15% rate for the income tax for State Hi-Tech Enterprise. On 20 July 2017, being recognized by "Name Lists of First Hi-Tech Enterprise for year of 2017 in Anhui Province" [KG(2017) No. 62] from Anhui Science & Technology Department, the Company and Zhongke Meiling Cryogenics Technology Co., Ltd 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 the first High & New tech. enterprise (three-years term) for year of 2008 in Guangdong Province, and enjoins the 15% income tax rate. On 9 November 2017, the company listed in Notice of the First High & New Tech. Enterprise for year of 2017 in Guangdong Province issued by office of recognization management office, the company continues to shares the 15% rate in income tax with term of three years.

The subsidiary Sichuan Changhong Air-conditioner Co., Ltd. has passed the review for high-tech enterprise certification on December 8, 2016, which is valid for three years. And continues to enjoy the 15% income tax rare for State Hi-Tech Enterprise

The subsidiary Sichuan Hongmei Intelligent Technology Co., Ltd. has passed the certification for high-tech enterprise certification on December 3, 2018, (Certification No.:GR20185100089) which is valid for three years. And enjoy the 15% income tax rare for State Hi-Tech Enterprise

Subsidiary Mianyang Meiling Refrigeration Co., Ltd. pass the review of Reply [Chuan JX Industrial H(2014) No.408] from Sichuan Commission of Information on 9 May 2014, and the enterprise belongs to the encourage industry listed in Directories of Industrial Structure Adjustment (2011) Revised (State Law Reform Committee No. 21 Order); which enjoys the preferential tax policy of income tax for the western development enterprise. And file in tax bureau with 15% rate for enterprise income tax since 2014 with seven years term.

Guangdong Changhong Ridian Technology Co., Ltd., a subsidiary of The Company, was authenticated as a high-tech enterprise by Guangdong Science and Technology Bureau on 9 December 2016, which is valid for three years. And enjoy the 15% income tax rare for State Hi-Tech Enterprise

The subsidiary Hefei Meiling Nonferrous Metal Products Co., Ltd. has passed the qualification of high-tech enterprise certification on 26 Oct. 2018 (Certification No.:GR201834001779), which is valid for three years. And enjoy the 15% enterprise income tax rare for State Hi-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,

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"period-beginning" refers to Jan. 1, 2019; "period-end" refers to 30 June 2019; "Current period" refers to Jan. 1 to June 30, 2019; "the last period" refers to Jan. 1 to June 30, 2018; the currency is RMB.

1. Monetary fund

Item	Ending balance	Opening balance
Cash	78,985.65	28,650.21
Bank deposit	3,838,408,938.08	4,029,892,318.85
Other monetary fund	572,521,383.70	566,156,588.34
Total	**4,411,009,307.43**	**4,596,077,557.40**
Including: total amount deposited in overseas	6,788,017.17	13,722,335.29

Other monetary fund:

Item	Ending balance
Margin	562,463,775.63
Account of foreign currency for verification	8,681,795.28
Union Pay online	520,722.01
Taobao account	855,090.78
Total	**572,521,383.70**

The margin which serves as non cash and cash equivalents refers to the acceptance draft deposit with a term of over three months, amounting to RMB 118,095,950.92, the amount restricted for used in guarantee money account was RMB 25,200,000.00; the restricted use of balance in condominium account was RMB 1,501,593.51; The third party payment platforms as Union Pay online and Taobao account have RMB 250,000.00 in restriction use. Utilization of other balance is not subject to any restriction.

Pars of the 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. Tradable financial assets

Item	Ending balance	Opening balance
Financial assets measured at fair value and whose changes are recorded in the profits and losses of the current period	2,703,222.18	9,253,635.59
Including: Derivative financial assets	2,703,222.18	9,253,635.59

Derivative financial assets refer to the evaluation of forward foreign exchange contracts

3. Note receivable

(1) By category

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Item	Ending balance	Opening balance
Bank acceptance	1,840,222,933.51	2,143,384,546.78
Trade acceptance		227,183,706.86
Total	**1,840,222,933.51**	**2,370,568,253.64**

(2) Notes receivable already pledged at the end of the period

Item	Amount pledge at period-end
Bank acceptance	458,081,292.13

Note: with purpose of improving the note utilization, the Company draw up bank acceptance by pledge parts of the outstanding notes receivable to the bank.

(3) Notes endorsement or discount and undue on balance sheet date

Item	Amount derecognition at period-end	Amount without derecognition at period-end
Bank acceptance	1,124,471,307.21	
Trade acceptance	284,843,123.16	
Total	**1,409,314,430.37**	

(4) By accrual of bad debt provision

Category	Ending amount				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
Note receivable with bad debt provision accrual on single item					
Note receivable with bad debt provision accrual on portfolio	1,840,222,933.51	100.00%			1,840,222,933.51
Including: Bank acceptance	1,840,222,933.51	100.00%			1,840,222,933.51
Trade acceptance					
Total	**1,840,222,933.51**	**100.00%**			**1,840,222,933.51**

(Continued)

Category	Opening amount				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
Note receivable with bad debt provision accrual on single item					
Note receivable with bad debt provision accrual on portfolio	2,387,830,887.74	100.00%	17,262,634.10	0.72%	2,370,568,253.64

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Including: Bank acceptance	2,143,384,546.78	89.76%			2,143,384,546.78
Trade acceptance	244,446,340.96	10.24%	17,262,634.10	7.06%	227,183,706.86
Total	**2,387,830,887.74**	**100.00%**	**17,262,634.10**	**0.72%**	**2,370,568,253.64**

(4) Notes transfer to account receivable due for failure implementation by drawer at period-end

4. Account receivable

(1) By account age

Account age	Book balance
Within 3 months (3 months included)	2,098,270,504.08
Over 3 months and within 6 months (6 months included)	430,385,767.11
Over 6 months and within one year (One year included)	54,915,758.16
over one year-within 2 years (2 years included)	76,515,726.32
Over 2 years - within 3 years (3 years included)	8,275,660.86
Over 3 years	12,666,691.38
Total	**2,681,030,107.91**

(2) By category

Category	Ending amount				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
Account receivable that withdrawal bad debt provision by single item	**1,183,583,204.64**	**44.15%**	**9,875,910.75**	**0.83%**	**1,173,707,293.89**
Including: current payment with related party	1,058,646,346.15	39.49%			1,058,646,346.15
Account receivable with letter of credit	109,130,688.58	4.07%			109,130,688.58
Account receivable with single minor amount but withdrawal single item bad debt provision	15,806,169.91	0.59%	9,875,910.75	62.48%	5,930,259.16
Account receivable withdrawal bad debt provision by portfolio	**1,497,446,903.27**	**55.85%**	**48,911,657.05**	**3.27%**	**1,448,535,246.22**
Account receivable of engineering customers	159,247,725.33	5.94%	6,050,106.32	3.80%	153,197,619.01

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Receivables other than engineering customers	1,338,199,177.94	49.91%	42,861,550.73	3.20%	1,295,337,627.21
Total	**2,681,030,107.91**	**100.00%**	**58,787,567.80**	**2.19%**	**2,622,242,540.11**

(Continued)

Category	**Opening amount**				
	Book balance		**Bad debt provision**		**Book value**
	Amount	**Ratio**	**Amount**	**Ratio**	
Account receivable that withdrawal bad debt provision by single item	**785,323,787.31**	**45.15%**	**22,978,942.60**	**2.93%**	**762,344,844.69**
Including: current payment with related party	693,467,089.57	39.87%			693,467,089.56
Account receivable with letter of credit	59,799,506.83	3.44%			59,799,506.82
Account receivable with single minor amount but withdrawal single item bad debt provision	32,057,190.91	1.84%	22,978,942.60	71.68%	9,078,248.31
Account receivable withdrawal bad debt provision by portfolio	**953,897,180.86**	**54.85%**	**42,879,889.28**	**4.50%**	**911,017,291.60**
Account receivable of engineering customers	108,819,204.37	6.26%	5,580,667.36	5.13%	103,238,537.01
Receivables other than engineering customers	845,077,976.49	48.59%	37,299,221.92	4.41%	807,778,754.59
Total	**1,739,220,968.17**	**100.00%**	**65,858,831.88**	**3.79%**	**1,673,362,136.29**

1) 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, 10 clients involved.

2) Account receivable with bad debt provision accrual by aging analysis

Account age	**Ending balance**		
	Account receivable	**Bad debt provision**	**Provision ratio**
Within 3 months (3 months included)	1,267,899,202.00	12,039,766.79	0.95%
Over 3 months and within 6 months (6 months included)	122,019,889.35	7,720,308.86	6.33%
Over 6 months and within one year (One year included)	46,501,777.36	5,248,781.47	11.29%

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Account age	Ending balance		
	Account receivable	Bad debt provision	Provision ratio
Over one year - within 2 years (2 years included)	54,429,061.54	18,139,371.29	33.33%
Over 2 years - within 3 years (3 years included)	4,167,721.91	3,334,177.53	80.00%
Over 3 years	2,429,251.11	2,429,251.11	100.00%
Total	**1,497,446,903.27**	**48,911,657.05**	**3.27%**

(3) Bad debt provision accrual, switch-back (or collected) in the period

Bad debt provision has 6,195,909.85 Yuan accrual in the period; bad debt provision of 662,652.68 Yuan are switch-back; no trade receivables written-off in previous year was recovered this period.

(4) The bad debt provision of account receivable actually written-off in the period amounted to 12,604,521.25 Yuan.

(5) Pledge of the account receivable at year-end can be found in 53. Assets with ownership or the right to use restricted in VI.

(6) In the period, top five receivables collected by arrears party amounting to RMB 1,561,840,305.05 in total, accounted for 58.26% of the receivables at balance of the period-end, the bad debt provision accrual correspondingly amounting to RMB 8,781,139.92 at period-end balance.

5. Accounts paid in advance

(1) By account age

Item	Ending amount		Opening amount	
	Amount	Ratio	Amount	Ratio
Within one year	42,490,153.49	97.14%	77,433,864.54	89.85%
1-2 years	913,675.89	2.09%	4,345,186.02	5.05%
2-3 years	273,041.20	0.62%	2,115,459.14	2.45%
Over 3 years	66,059.75	0.15%	2,285,949.56	2.65%
Total	**43,742,930.33**	**100.00%**	**86,180,459.26**	**100.00%**

(2) Top 5 of account paid in advance in balance at period-end amounting to RMB 32,421,122.43, accounted for 74.12% of the account.

6. Other account receivable

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Item	Ending balance	Opening balance
Interest receivable	8,591,868.56	2,653,712.36
Other account receivable	102,166,305.55	60,539,028.57
Total	**110,758,174.11**	**63,192,740.93**

6.1 Interest receivable

(1) Category of interest receivable

Item	Ending balance	Opening balance
Interest receivable from time deposit	6,366,717.87	1,892,948.46
Income receivable from financial products	2,225,150.69	760,763.90
Total	**8,591,868.56**	**2,653,712.36**

(2) Major overdue interest: nil

6.2 Other account receivable

(1) By account age

Account age	Book balance
Within 3 months (3 months included)	65,752,387.82
Over 3 months and within 6 months (6 months included)	6,533,583.22
Over 6 months and within one year (One year included)	16,676,458.90
over one year-within two years (2 years included)	8,635,966.49
Over 2 years - within 3 years (3 years included)	5,738,372.12
Over 3 years	2,441,606.34
Total	**105,778,374.89**

(2) By category

Category	Ending amount				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
Other account receivable that withdrawal bad debt provision by single item	**104,792,961.07**	**99.07%**	**3,124,358.67**	**2.98%**	**101,668,602.40**
Including: petty cash loan for to employees	31,490,231.52	29.77%			31,490,231.52
Margin	50,623,360.14	47.86%	3,084,358.67	6.09%	47,539,001.47

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Tax rebate	20,520,989.72	19.40%			20,520,989.72
Amount of the related party outside the consolidated statement	2,118,379.69	2.00%			2,118,379.69
Account receivable with single minor amount but withdrawal single item bad debt provision	40,000.00	0.04%	40,000.00	100.00%	
Other account receivable withdrawal bad debt provision by portfolio	**985,413.82**	**0.93%**	**487,710.67**	**49.49%**	**497,703.15**
Aging analysis	985,413.82	0.93%	487,710.67	49.49%	497,703.15
Total	**105,778,374.89**	**100.00%**	**3,612,069.34**	**3.41%**	**102,166,305.55**

(Continued)

Category	**Opening amount**				
	Book balance		**Bad debt provision**		**Book value**
	Amount	**Ratio**	**Amount**	**Ratio**	
Other account receivable that withdrawal bad debt provision by single item	**64,157,894.08**	**99.68%**	**3,757,449.22**	**5.86%**	**60,400,444.86**
Including: petty cash loan for to employees	16,248,265.59	25.24%			16,248,265.59
Margin	33,327,405.75	51.78%	3,727,449.22	11.18%	29,599,956.53
Tax rebate	13,081,994.58	20.32%			13,081,994.58
Amount of the related party outside the consolidated statement	1,470,228.16	2.29%			1,470,228.16
Account receivable with single minor amount but withdrawal single item bad debt provision	30,000.00	0.05%	30,000.00	100.00%	
Other account receivable withdrawal bad debt provision by portfolio	**209,177.57**	**0.32%**	**70,593.86**	**33.75%**	**138,583.71**
Aging analysis	209,177.57	0.32%	70,593.86	33.75%	138,583.71
Total	**64,367,071.65**	**100.00%**	**3,828,043.08**	**5.95%**	**60,539,028.57**

1) As for the other account receivable with single minor amount but withdrawal single item bad debt provision at period-end, they refer to the other account receivable with minor amount, and whose risk characteristics cannot be reflected in the bad debt provision according to the combination, there are 2 clients involved.

2) Other account receivable with bad debt provision accrual by aging analysis

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Account age	Ending balance		
	Other account receivable	Bad debt provision	Provision ratio
Within 3 months (3 months included)	11,861.72	118.62	1.00%
Over 3 months and within 6 months (6 months included)	29,780.00	2,978.00	10.00%
Over 6 months and within one year (One year included)	394,995.12	78,999.02	20.00%
Over one year - within 2 years (2 years included)	158,447.90	79,223.95	50.00%
Over 2 years - within 3 years (3 years included)	319,690.00	255,752.00	80.00%
Over 3 years	70,639.08	70,639.08	100.00%
Total	**985,413.82**	**487,710.67**	**49.49%**

(3) Bad debt provision accrual, switch back (or collected) in the period

Bad debt provision of 215,973.74 Yuan is switch back in the period

(4) No actual verification of other receivables in the period

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

Nature	Ending book balance	Opening book balance
Tax rebate	20,520,989.72	12,524,216.47
Loans of employee's pretty cash	31,490,231.52	16,248,265.59
Margin	49,835,810.14	32,292,605.75
Other	1,812,963.82	1,278,050.57
Related party not in consolidation statement	2,118,379.69	1,470,228.16
Advance money temporary		553,705.11
Total	**105,778,374.89**	**64,367,071.65**

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

Name	Nature	Ending balance	Account age	Proportion in total other receivables at year-end	Ending balance of bad debt provision
SAT of Hefei Economic & Technological Development Zone	Tax rebate	20,520,989.72	Within one year	19.40%	

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Name	Nature	Ending balance	Account age	Proportion in total other receivables at year-end	Ending balance of bad debt provision
Bureau of agriculture and rural affairs in Wuji County	Margin	10,000,000.00	Within one year	9.45%	
Office of the lading group for construction of new socialist countryside in Shunyi District	Margin	8,780,849.40	Within one year	8.30%	
Development & Reform Bureau of Wangdu County	Margin	8,500,000.00	Within one year	8.04%	425,000.00
Development & Reform Bureau of Qingyuan District, Baoding City	Margin	5,000,000.00	Within one year	4.73%	
Total		**52,801,839.12**		**49.92%**	**425,000.00**

(7) No other account receivable involved government subsidies at year-end.

(8) No other receivables terminated recognization due to the transfer of financial assets at year-end.

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

7. Inventories

(1) Classification of inventories

Item	Ending amount		
	Book balance	Impairment provision	Book value
Raw materials	180,086,084.43	9,899,251.50	170,186,832.93
Stock commodities	1,555,732,288.79	96,942,836.78	1,458,789,452.01
Low value consumable articles	8,705,320.20	129,883.73	8,575,436.47
Goods in transit	366,493,256.09	1,099,659.85	365,393,596.24
Goods-in-process	9,270,690.88		9,270,690.88
Deferred expense for mould	53,322,354.78		53,322,354.78
Engineering construction	47,111,374.85		47,111,374.85
Total	**2,220,721,370.02**	**108,071,631.86**	**2,112,649,738.16**

(Continued)

Item	Opening amount

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	Book balance	Impairment provision	Book value
Raw materials	143,684,247.48	12,759,205.28	130,925,042.20
Stock commodities	1,735,811,082.70	111,451,370.33	1,624,359,712.37
Low value consumable articles	9,282,634.55	300,940.36	8,981,694.19
Goods in transit	273,895,754.50	975,168.15	272,920,586.35
Goods-in-process	7,262,896.05		7,262,896.05
Deferred expense for mould	59,053,460.64		59,053,460.64
Engineering construction	70,933,181.87		70,933,181.87
Total	**2,299,923,257.79**	**125,486,684.12**	**2,174,436,573.67**

(2) Inventory falling price reserves

Item	Opening amount	Current increased	Current decreased		Ending amount
			Switch back or resell	Other	
Raw materials	12,759,205.28	263,312.20	3,123,265.98		9,899,251.50
Stock commodities	111,451,370.33	9,511,029.78	24,019,563.33		96,942,836.78
Goods in transit	975,168.15	841,590.03	717,098.33		1,099,659.85
Low value consumable articles	300,940.36		171,056.63		129,883.73
Total	**125,486,684.12**	**10,615,932.01**	**28,030,984.27**		**108,071,631.86**

(3) Provision for depreciation of inventory

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 year-end fell)	
Goods in transit	Cost is higher than net realizable value (The market price at year-end fell)	
Low value consumable articles	Cost is higher than net realizable value	

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8. Other current assets

Item	Ending balance	Opening balance	Nature
Financial products	980,000,000.00	1,110,000,000.00	Bank financial products
Value-added tax to be deducted	29,718,923.54	62,040,151.40	Reclassify of value-added tax to be deducted
Advance payment of income tax	16,536,254.43	12,057,771.72	Reclassify of advance payment of income tax
Finance lease un-recognized	492,406.10	589,033.84	Finance lease un-recognized
Total	**1,026,747,584.07**	**1,184,686,956.96**	

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9. Long-term equity investment

Invested enterprise	Opening balance	Changes in the period								Ending balance	Ending balance of impairment
		Additional investment	Disinvestment	Investment income recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Provision for impairment loss	Other		
Associated companies											
1.Changhong Ruba Electric Company (Private)Ltd.[Note 1]	9,049,695.63			-7,052,869.41	-1,008,433.03					988,393.19	
2.Hefei Xingmei Assets Management Co., Ltd.	9,420,099.27			-468,074.75						8,952,024.52	
3.Sichuan Zhiyijia Network Technology Co., Ltd. [Note 2]	9,665,468.00			-766,788.19						8,898,679.81	
4.Hongyuan Ground Energy Heat Tech. Co., Ltd. [Note 3]	23,148,936.54			56,527.13						23,205,463.67	
5.Sichuan Tianyou Guigu Technology Co., Ltd [Note 4]	7,110,954.07			-692,415.62						6,418,538.45	
6.Chengdu Guigu Environmental Tech. Co., Ltd. [Note 5]	9,157,388.27			101,620.52						9,259,008.79	
Total	**67,552,541.78**			**-8,822,000.32**	**-1,008,433.03**					**57,722,108.43**	

Note 1: Zhongshan Changhong, a subsidiary of the Company, entered into a supplemental joint venture agreement with RUBA Comprehensive Trading Company in 2017, pursuant to which, both parties agreed to increase capital contribution of US$ 1,130,191.00, among which, Zhongshan Changhong subscribed to contribute US$ 452,076.00 (equivalent to RMB 3,001,649.02 on the actual

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contribution date) according to the original shareholding proportion of 40% and RUBA Comprehensive Trading Company subscribed to contribute US$ 678,115.00 according to the original shareholding proportion of 60%.

Note 2: on 16 December 2014, the Company executed a joint venture agreement with its controlling shareholder Sichuan Changhong Electric Co., LTD, targeting to jointly establish Sichuan Zhiyijia Network Technology Co., Ltd. On 5 January 2015, Sichuan Zhiyijia Network Technology Co., Ltd was officially incorporated with registered capital of RMB 50 million, among which, the Company made contribution of RMB 15 million with shareholding proportion of 30% and Sichuan Changhong Electric Co., LTD made contribution of RMB 35 million with shareholding proportion of 70%.

Note 3: Subsidiary Sichuan Changhong Air Conditioner Co., Ltd (hereinafter referred to as Changhong Air Conditioner) and Hengyouyuan Technology Development Group Co., Ltd. (hereinafter referred to as Hengyouyuan) cooperated to establish Hongyuan Ground Energy Heat Tech. Co., Ltd. on 28 October 2015. The registered capital of the company is RMB 50 million, among which, Changhong Air Conditioner contributed RMB 24.5 million, accounting for 49% of the registered capital, and Hengyouyuan contributed RMB 25.5 million, accounting for 51% of the registered capital.

Note 4: Sichuan Tianyou Guigu Technology Co., Ltd. was incorporated on 31 March 2015 with registered capital of RMB 100 million. Our subsidiary Changhong Air Conditioner made capital contribution of RMB 25 million in cash, accounting for 25% of the registered capital. Chengdu Jiaodao Property Development Company made capital contribution of RMB 20 million, accounting for 20% of the registered capital. Chengdu Southwest Jiaotong University Industry (Group) Co., Ltd made capital contribution of RMB 20 million, accounting for 20% of the registered capital. Mianyang Investment Holding (Group) Co., Ltd made capital contribution of RMB 5 million, accounting for 5% of the registered capital. Shanghai Zhongcheng Xindaya Financial Information Service Co., Ltd made capital contribution of RMB 5 million, accounting for 5% of the registered capital. Jiangsu Runye Investment Co., Ltd made capital contribution of RMB 10 million, accounting for 10% of the registered capital. Chengdu Dongyu Shangmao Co., Ltd made capital contribution of RMB 15 million, accounting for 15% of the registered capital. In 2016, shareholders meeting of Sichuan Tianyou Guigu Technology Co., Ltd. agreed to reduce the 50 million Yuan capital, the shareholders are reducing the capital by ratio of share-holding. After capital reduction, subsidiary Changhong Air conditioner contributed 12.5 million Yuan, representing 25% of the registered capital.

Note 5: Chengdu Guigu Environmental Tech. Co., Ltd. was incorporated on 22 May 2013 with registered capital of RMB 40 million. Our subsidiary Changhong Air Conditioner made capital contribution of RMB 10 million, accounting for 25% of the registered capital. Chengdu Jiaodao Property Development Company made capital contribution of RMB 8 million, accounting for 20% of the registered capital. Chengdu Southwest Jiaotong University Industry (Group) Co., Ltd made capital contribution of RMB 8 million, accounting for 20% of the registered capital. Mianyang Investment Holding (Group) Co., Ltd made capital contribution of RMB 2 million, accounting for 5% of the registered capital. Shanghai Zhongcheng Xindaya Financial Information Service Co., Ltd made capital contribution of RMB 2 million, accounting for 5% of the registered capital. Sichuan Shuye Jiachen Property Development Company made capital contribution of RMB 4 million, accounting for 10% of the registered capital. Chengdu Dongyu Shangmao Co., Ltd made capital contribution of RMB 6 million, accounting for 15% of the registered capital.

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10. Other non-current financial assets

Item	Ending balance			Opening balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Non-tradable equity instrument	45,000,000.00		45,000,000.00	45,000,000.00		45,000,000.00
Total	**45,000,000.00**		**45,000,000.00**	**45,000,000.00**		**45,000,000.00**

11. Investment real estate

(1) Investment real estate measured at costs

Item	House and buildings	Land use right	Total
I. Original book value			
1.Opening balance	**54,219,454.78**	**3,411,848.00**	**57,631,302.78**
2.Current increased	**117,882.34**		**117,882.34**
(1) Other	117,882.34		117,882.34
3.Current decreased			
4.Ending balance	**54,337,337.12**	**3,411,848.00**	**57,749,185.12**
II. Accumulated depreciation and accumulated amortization			
1.Opening balance	**10,244,458.94**	**540,336.43**	**10,784,795.37**
2.Current increased	**892,616.77**	**424,042.24**	**1,316,659.01**
(1) Accrual or amortization	892,616.77	424,042.24	1,316,659.01
3.Current decreased			
4.Ending balance	**11,137,075.71**	**964,378.67**	**12,101,454.38**
III. Impairment loss			
IV. Book value			
1.Ending book value	**43,200,261.41**	**2,447,469.33**	**45,647,730.74**
2.Opening book value	**43,974,995.84**	**2,871,511.57**	**46,846,507.41**

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

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

(4) Investment real estate without property certification held

Assets	Original value	Reasons for failing to complete property rights certificate

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Workshop	23,435,026.46	In procedure

12. Fixed assets

Item	Ending balance	Opening balance
Fixed assets	1,900,475,838.00	1,658,081,495.03
Disposal of fixed assets	75,875,517.11	75,875,517.11
Total	**1,976,351,355.11**	**1,733,957,012.14**

12.1 Fixed assets

(1) Fixed assets

Item	House and buildings	Machinery equipment	Transport equipment	Other equipment	Total
I. Original book value					
1.Opening balance	**1,190,214,714.89**	**1,267,678,633.84**	**31,075,507.90**	**193,835,760.40**	**2,682,804,617.03**
2.Current increased	**224,493,406.00**	**92,315,173.42**	**2,088,007.05**	**16,467,163.24**	**335,363,749.71**
(1) Purchase	140,488.29	1,841,578.86	1,260,839.79	3,265,427.02	6,508,333.96
(2) Construction in process transfer-in	224,352,917.71	90,473,594.56	827,167.26	13,135,389.85	328,789,069.38
(3) Inventory transfer-in				66,346.37	66,346.37
3.Current decreased		**27,232,791.73**	**1,248,595.62**	**3,902,337.31**	**32,383,724.66**
(1) Dispose or retirement		24,590,084.40	946,780.31	3,346,839.30	28,883,704.01
(2) Construction in process transfer-in		2,642,707.33			2,642,707.33
(3) Decreased for change of foreign rate			301,815.31	555,498.01	857,313.32
4.Ending balance	**1,414,708,120.89**	**1,332,761,015.53**	**31,914,919.33**	**206,400,586.33**	**2,985,784,642.08**
II. Accumulated depreciation					
1.Opening balance	**243,448,450.52**	**679,782,715.32**	**16,638,654.43**	**82,743,850.92**	**1,022,613,671.19**
2.Current increased	**20,915,830.06**	**58,923,305.99**	**1,333,501.98**	**6,949,134.74**	**88,121,772.77**
(1) Accrual	20,915,830.06	58,923,305.99	1,333,501.98	6,949,134.74	88,121,772.77
3.Current decreased		**25,467,150.92**	**745,184.39**	**1,146,509.33**	**27,358,844.64**
(1) Dispose or retirement		23,148,941.51	605,968.94	990,759.97	24,745,670.42
(2) Construction in process		2,318,209.41			2,318,209.41

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Item	House and buildings	Machinery equipment	Transport equipment	Other equipment	Total
transfer-in					
(3) Decreased for change of foreign rate			139,215.45	155,749.36	294,964.81
4.Ending balance	**264,364,280.58**	**713,238,870.39**	**17,226,972.02**	**88,546,476.33**	**1,083,376,599.32**
III. Impairment loss					
1.Opening balance		**1,909,763.11**		**199,687.70**	**2,109,450.81**
2.Current increased					
3.Current decreased		**177,246.05**			**177,246.05**
(1) Other		177,246.05			177,246.05
4.Ending balance		**1,732,517.06**		**199,687.70**	**1,932,204.76**
IV. Book value					
1.Ending book value	**1,150,343,840.31**	**617,789,628.08**	**14,687,947.31**	**117,654,422.30**	**1,900,475,838.00**
2.Opening book value	**946,766,264.37**	**585,986,155.41**	**14,436,853.47**	**110,892,221.78**	**1,658,081,495.03**

The new fixed assets in this period mainly due to the RMB 328,789,069.38 transfer from construction in process; the fixed assets declined in the period mainly due to the fixed assets reduction for disposal of scrap

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

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

(4) Fixed assets leased through financing lease at period-end.

Item	Original book value	Accumulated depreciation	Impairment	Net book value
Machinery equipment	3,433,033.03	611,508.99		2,821,524.04

(5) Fixed assets leased through operating lease at period-end.

Item	Original book value	Accumulated depreciation	Impairment	Net book value
House and buildings	12,443,336.93	3,408,932.56		9,034,404.37
Machinery equipment	2,987,730.51	2,317,460.72		670,269.79
Other equipment	3,113,478.66	829,287.69		2,284,190.97
Total	**18,544,546.10**	**6,555,680.97**		**11,988,865.13**

(6) Fixed assets without property certificate at period-end

Item	Book value	Reason of not complete the property certificate

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Item	Book value	Reason of not complete the property certificate
Canteen	2,716,313.94	In procedure
Freezer salvage station	349,166.88	In procedure
Freezer subsidiary station	4,337,337.08	In procedure
3# makeshift shelter	5,689,907.18	In procedure
5# makeshift shelter	5,140,247.60	In procedure
8# building for skeleton staff	5,178,824.74	In procedure
6# building for skeleton staff	8,930,447.86	In procedure
7# building for skeleton staff	8,215,215.45	In procedure
4# makeshift shelter (dormitory building transfer to capital)	6,651,069.97	In procedure
Big refrigerator- 3# Workshop	93,646,297.37	In procedure
Big refrigerator -3# finished warehouse	50,085,022.01	In procedure
Freezer- 7# Workshop inspection room	233,741.56	In procedure
II section canteen of living area	26,029,822.03	In procedure
Hot water room for living area	2,914,385.29	In procedure
Comprehensive building	14,211,331.37	In procedure
Workshop	42,747,573.98	In procedure
J01 Workshop	30,701,587.00	In procedure
J02 Workshop	33,123,926.00	In procedure
J03 skill workshop	18,807,186.62	In procedure
J04 molding workshop	31,235,715.44	In procedure
J05 evaporator and condenser workshop	24,446,636.46	In procedure
J06 central air-conditioner workshop	18,605,818.16	In procedure
J07 electrical workshop	36,789,666.41	In procedure
J09 raw material warehouse	6,629,363.24	In procedure
J10 raw material warehouse	4,908,909.14	In procedure
J11 raw material warehouse	4,790,635.87	In procedure
J15 house of refrigerant forklift	1,399,454.36	In procedure
J16 chemical storage	1,256,727.47	In procedure
J17 chemical storage	1,374,363.67	In procedure
J18 switching station	613,454.60	In procedure
J19 main guard room	345,454.40	In procedure
J19a guard room	218,182.27	In procedure

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Item	Book value	Reason of not complete the property certificate
J19b guard room	218,181.46	In procedure
J19c guard room	218,181.73	In procedure
J20 air compressor station	1,325,091.05	In procedure
Total	**494,085,239.66**	

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

12.2 Disposal of fixed assets

Item	Ending amount	Opening amount	Reasons for disposal transferred
Relevant assets disposal for reserved lands	75,875,517.11	75,875,517.11	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 Appliance and Equator Household 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 RMB 36 million, of which the consideration for the land use right owned by Equator Appliance and Equator Household Appliance is approximately RMB 10.59 million and RMB 25.41 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.

13. Construction in process

(1) Details of Construction in process

Item	Ending amount	Opening amount

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	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Production base relocation and expansion and upgrading project of Changhong Air-conditioner	271,568,077.26		271,568,077.26	320,579,598.28		320,579,598.28
Construction of washing machine plant	47,865,841.58		47,865,841.58	54,004,325.69		54,004,325.69
Other sporadic projects	20,354,864.31		20,354,864.31	15,562,870.33		15,562,870.33
Construction of intelligent manufacturing	19,056,425.46		19,056,425.46	31,389,804.22		31,389,804.22
Construction of laboratory (inspection center)	7,759,307.07		7,759,307.07	4,847,375.61		4,847,375.61
Project of the application of MES system during manufacturing	6,761,092.90		6,761,092.90	3,545,478.16		3,545,478.16
Reform project of the EPS house of the Company	3,484,742.01		3,484,742.01	2,826,825.99		2,826,825.99
Capacity enlargement and technology improvement project for Air-conditioner Company	3,277,432.40		3,277,432.40	3,188,095.36		3,188,095.36
Temperature control project of the manufacturing Company of big refrigerator	2,837,012.61		2,837,012.61	4,084,254.68		4,084,254.68
Technical transformation project of Zhongshan Changhong	2,700,803.05		2,700,803.05	4,119,899.02		4,119,899.02
Jiangxi Meiling – construction of the production line for producing one million energy-saving smart refrigeration annually	2,683,404.41		2,683,404.41	5,065,550.61		5,065,550.61
Split door shell molding line project	2,662,430.96		2,662,430.96			
Project of cancel spraying for the side panel of refrigerator's door	2,081,624.56		2,081,624.56	2,021,643.02		2,021,643.02
Project of production line upgrading for Mianyang Meiling intelligent refrigeration	1,809,027.70		1,809,027.70	3,322,079.08		3,322,079.08
Line modification for R290	1,769,230.77		1,769,230.77	1,769,230.77		1,769,230.77
Canning of white material project	1,726,088.96		1,726,088.96			
Production efficiency improvement	1,568,534.48		1,568,534.48	2,112,500.01		2,112,500.01

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Item	Ending amount			Opening amount		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
project of the Line C for the overseas Refrigerator Manufacture Company						
Capacity expansion for squeeze board line and efficient use of squeeze board line	1,122,118.64		1,122,118.64			
Equipment to be installed	730,874.43		730,874.43	1,416,851.00		1,416,851.00
Improvement for the double-gun injection of line J				2,951,970.77		2,951,970.77
Reform of the overseas air patenting line; project of cabinet foam line for Line D				1,750,000.00		1,750,000.00
Total	**401,818,933.56**		**401,818,933.56**	**464,558,352.60**		**464,558,352.60**

(2) Changes in significant Construction in process

Item	Book balance at period-begin	Increase during the period	Transfer to fixed assets in the period	Other decrease	Book balance at period-end	Source of funds
Construction of laboratory (inspection center)	4,847,375.61	7,590,771.43	4,678,839.97		7,759,307.07	Raise funds
Construction of washing machine plant	54,004,325.69	19,210,302.33	25,348,786.44		47,865,841.58	Self-raised
Construction of intelligent manufacturing	31,389,804.22	10,578,628.49	22,912,007.25		19,056,425.46	Raise funds
Production base relocation and expansion and upgrading project of Changhong Air-conditioner	320,579,598.28	188,213,741.53	237,225,262.55		271,568,077.26	Self-raised
Jiangxi Meiling – construction of the production line for producing one million energy-saving smart refrigeration annually	5,065,550.61	1,114,047.78	3,496,193.98		2,683,404.41	Self-raised

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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
Construction of laboratory (inspection center)	10,748.00	64.41%	85.00%			
Construction of washing machine plant	37,121.00	66.62%	70.00%			
Construction of intelligent manufacturing	26,128.00	72.10%	88.00%			
Production base relocation and expansion and upgrading project of Changhong Air-conditioner	84,791.01	60.23%	90.00%	2,570,143.02		
Jiangxi Meiling – construction of the production line for producing one million energy-saving smart refrigeration annually	20,960.00	95.60%	100.00%			

(3) No impairment occurred for Construction in process at period-end

14. Intangible assets

(1) According to intangible assets item

Item	Land use right	Trademark right	Non-patent technology	Other	Total
I. Original book value					
1.Opening balance	**750,239,779.01**	**283,292,439.34**	**391,210,232.68**	**5,884,724.81**	**1,430,627,175.84**
2.Current increased			**103,487,206.75**	**241,379.31**	**103,728,586.06**
(1) Purchase				241,379.31	241,379.31
(2) Internal research			103,487,206.75		103,487,206.75
3.Current decreased					
4.Ending balance	**750,239,779.01**	**283,292,439.34**	**494,697,439.43**	**6,126,104.12**	**1,534,355,761.90**

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Item	Land use right	Trademark right	Non-patent technology	Other	Total
II. Accumulated amortization					
1.Opening balance	**144,782,112.28**	**278,725,077.89**	**188,556,900.90**	**983,125.83**	**613,047,216.90**
2.Current increased	**7,469,341.30**	**1,941,443.40**	**44,983,206.93**	**128,238.91**	**54,522,230.54**
(1) Accrual	7,469,341.30	1,941,443.40	44,983,206.93	128,238.91	54,522,230.54
3.Current decreased					
4.Ending balance	**152,251,453.58**	**280,666,521.29**	**233,540,107.83**	**1,111,364.74**	**667,569,447.44**
III. Impairment loss					
IV. Book value					
1.Ending book value	**597,988,325.43**	**2,625,918.05**	**261,157,331.60**	**5,014,739.38**	**866,786,314.46**
2.Opening book value	**605,457,666.73**	**4,567,361.45**	**202,653,331.78**	**4,901,598.98**	**817,579,958.94**

(2) up to end of current 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	18,602,474.80	

15. Development expense

Item	Opening balance	Current increased		Current decreased			Ending balance
		Internal development expenditure	Other	Included in current profits and losses	Confirmed as intangible assets	Other	
Technology development for Air-conditioner	50,360,181.92	21,754,230.60		1,393,591.25	46,784,598.92		23,936,222.35
Technology development for refrigerator	57,383,653.72	38,759,858.47			54,788,468.93		41,355,043.26
Other technology development	467,130.96	1,475,782.67			1,914,138.90		28,774.73
Total	**108,210,966.60**	**61,989,871.74**		**1,393,591.25**	**103,487,206.75**		**65,320,040.34**

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16. Goodwill

(1) Original value of goodwill

Invested enterprise	Opening balance	Current increased		Current decreased		Ending balance
		Formation from enterprise merger	Other	Formation from enterprise merger	Other	
Hefei Meiling Group Holdings Limited	3,553,367.77					3,553,367.77
Guangxi Huidian Home Appliance Co., Ltd.	5,313,913.50					5,313,913.50
Total	**8,867,281.27**					**8,867,281.27**

(2) Impairment loss of goodwill

Invested enterprise	Opening balance	Current increased		Current decreased		Ending balance
		Accrual	Other	Accrual	Other	
Hefei Meiling Group Holdings Limited	3,553,367.77					3,553,367.77
Guangxi Huidian Home Appliance 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 invested and the group of assets including the goodwill. The recoverable amount is based on the predicted future cash flow of the invested.

17. Deferred income tax assets

(1) Deferred income tax assets without the offset

Item	Ending balance		Opening balance	
	Deductible *temporary* difference	Deferred income tax assets	Deductible *temporary* difference	Deferred income tax assets
Deferred income tax assets recognized from assets impairment	134,461,558.41	20,237,929.40	163,800,143.96	25,443,182.41
Deferred income tax assets recognized from accrual liability	252,002,095.28	37,800,314.29	266,641,323.73	39,996,198.56
Deferred income tax assets recognized from Dismission welfare	19,081,234.19	2,862,185.13	23,369,410.19	3,505,411.53
Deferred income tax assets recognized from deferred income	118,316,274.11	17,747,441.11	113,016,902.89	16,952,535.44

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Item	Ending balance		Opening balance	
	Deductible *temporary* difference	Deferred income tax assets	Deductible *temporary* difference	Deferred income tax assets
Deferred income tax assets recognized from ir-reparable losses	134,866,829.53	20,230,024.43	125,576,447.96	18,836,467.19
Deferred income tax assets recognized from changes in the fair value	42,894,762.65	6,434,214.39	46,033,136.96	6,904,970.53
Accrued income tax assets	1,500,000.00	225,000.00	3,765,940.62	564,891.09
Total	**703,122,754.17**	**105,537,108.75**	**742,203,306.31**	**112,203,656.75**

(2) Deferred income tax liabilities without the offset

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liability	Taxable temporary differences	Deferred income tax liability
Recognized by fixed assets depreciation	18,983,357.02	2,847,503.55	20,657,994.05	3,098,699.11

(3) Details of unrecognized deferred income tax assets

Item	Ending balance	Opening balance
Deductible *temporary* difference	46,598,906.57	44,702,678.05
Deductible loss	593,849,203.59	487,578,430.48
Total	**640,448,110.16**	**532,281,108.53**

18. Short-term loans

(1) Category

Category	Ending balance	Opening balance
Loan in pledge	112,555,000.00	199,260,520.00
Guaranteed loan	31,606,729.90	9,200,000.00
Loan in credit	1,415,222,323.76	1,876,648,262.82
Bill financing	250,000,146.61	251,265,146.80
Total	**1,809,384,200.27**	**2,336,373,929.62**

New short-term loans in the period:

1) The Company entered into a Liquidity Loan Contract with economic & technological development zone Branch of Bank of China with 12 months in terms since the date actually received the funds. Term of borrowing from 14 September 2018 to 12 September 2019. Fixed annual rate of 4.35%, the loan amount is 50,000,000.00 Yuan.

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2) The Company entered into a RMB Fund Transfer Contract with Anhui province Branch of CCB with one year in term. Term of borrowing from 23 January 2019 to 23 January 2020. Fixed annual rate of 3.57%, the loan amount is 89,000,000.00 Yuan.

3) The Company entered into a RMB Fund Transfer Contract with Anhui province Branch of CCB with one year in term. Term of borrowing from 8 March 2019 to 6 March 2020. Fixed annual rate of 3.50%, the loan amount is 200,000,000.00 Yuan.

4) The Company entered into an Export Trade Financing Contract with Hefei Baohe District Branch of ABC with 165 days in term. Term of borrowing from 15 April 2019 to 27 September 2019. Fixed annual rate of 3.40%, the loan amount is 28,000,000.00 Yuan.

5) The Company entered into an Opening Domestic Letter of Credit Contract with economic development zone Branch of Huishang Bank Corporation Limited. The Company applies for a 70,000,000.00 Yuan short-term loans by means of L/C without resource. Term of borrowing from 16 April 2019 to 10 April 2020. Borrowing rate of 3.70%.

6) The Company entered into a Domestic L/C Opening Contract with Hefei Branch of China Everbright Bank. The Company applies for a 80,000,000.00 Yuan short-term loans by means of L/C without resource. Term of borrowing from 16 April 2019 to 10 April 2020. Borrowing rate of 3.48%.

7) The Company entered into a Liquidity Loan Contract with Anhui Province Branch of Bank of Communications with one year in term. Term of borrowing from 25 April 2019 to 25 April 2020. Fixed interest rate of 4.35%, the loan amount is 70,000,000.00 Yuan.

8) The Company entered into an Export Trade Financing Contract with Hefei Baohe District Branch of ABC with 161 days in term. Term of borrowing from 20 May 2019 to 28 October 2019. Fixed annual rate of 3.60%, the loan amount is 50,000,000.00 Yuan.

9) The Company entered into a Domestic L/C Opening Contract with Hefei Changjiang East Road Branch of ICBC. The Company applies for a 25,000,000.00 Yuan short-term loans by means of L/C without resource. Term of borrowing from 27 May 2019 to 18 May 2020. Borrowing rate of 3.78%.

10) The Company entered into a Offshore Loan Contract with Ping An Bank with 12 months in terms. Terms of borrowing from 15 November 2018 to 5 November 2019. Fixed annual rate of 3.67%, the loan amount is USD 28,000,000.00.

11) The Company entered into a Cross-Border Financing Quota Contract with Macao Branch of China Guangfa Bank with 12 months in terms. Terms of borrowing from 23 November 2018 to 22 November 2019. Fixed annual rate of 3.1%, the loan amount is USD 7,150,000.00.

12) The Company entered into an Offshore Liquidity Loan Contract with Shanghai Pudong Development Bank with 12 months in terms. Terms of borrowing from 6 December 2018 to 29 November 2019. Fixed annual rate of 4.3%, the loan amount is USD 35,816,619.00.

13)Subsidiary Jiangxi Meiling entered into a Forfaiting Business Contract with Jingdezhen Branch of Jiujiang Bank, the amount of deposit comes to 94,590,163.30 Yuan. Date of value from 12 September 2018 and expire on 6 September 2019, annual rate as 3.78%.

14) Subsidiary Jiangxi Meiling open a domestic L/C in Hefei Branch of Jiujiang Bank with beneficiary under the name of Jiangxi Meiling Electric Appliance Co., Ltd. The L/C amounted as 70,757,944.8 Yuan, and issued on 14 March 2019 with expiration on 13 March 2020. the annual rate as 3.35%.

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15) Subsidiary Jiangxi Meiling entered into a Liquidity Loan Contract with Jingdezhen Branch of Jiujiang Bank. The amount comes to 10,000,000.00 Yuan. Terms of borrowing from 28 March 2019 to 30 September 2020 with lending rate of 4.57%.

16) According to the Cooperation Agreement on Export Receivable Risk Participation entered into by subsidiary Zhongshan Changhong Company and Zhongshan Branch of China Construction Bank, the Company applying for a short-term loan of 25,000,000.0 Yuan in way of account receivable factoring. Terms of borrowing from 30 January 2019 to 29 July 2019. Lending rate of 4.85%.

17) The subsidiary Zhongshan Changhong Company and China Construction Bank Corporation Zhongshan Branch signed the "Agreement on Export Accounts Receivable Risk Participation and Cooperation", the Company applied for short-term loans of RMB 18,000,000.00 to the China Construction Bank Corporation Zhongshan Branch in terms of accounts receivable factoring, the loan period was from March 4, 2019 to August 30, 2019, and the loan interest rate was 4.85%.

18) According to the Comprehensive Credit Contract entered into by subsidiary Zhongshan Changhong Company and Zhongshan Branch of Bank of Communications, the Company applying for a short-term loan of RMB 19,555,000.00 in way of export invoice financing with 6 months in terms. Terms of borrowing from 12 March 2019 to 6 September 2019. Lending rate of 4.5%.

19) According to the Comprehensive Credit Contract entered into by subsidiary Zhongshan Changhong Company and Zhongshan Branch of ICBC, the Company applying for a short-term loan of RMB 50,000,000.00 in way of export invoice financing with 6 months in terms. Terms of borrowing from 27 May 2019 to 20 November 2019. Lending rate of 4.60%.

20) Guaranteed by Changhong Meiling, subsidiary Changhong Ruba Trading applying a short-term loan of 356,400,000.00 Rupees, an equivalent to RMB 14,985,550.80 to Lahore Branch of ICBC. Terms of borrowing from 1 February 2019 to 1 February 2020 under stage repayment. The lending rate is increased by 0.9% at the lending rate issued by the Central Bank of Pakistan.

21) Guaranteed by Changhong Meiling, subsidiary Changhong Ruba Trading applying a short-term loan of 395,300,000.00 Rupees, an equivalent to RMB 16,621,179.10 to Karachi Branch of Bank of China. Terms of borrowing from 28 January 2019 to 28 January 2020 under one-time repayment due. The lending rate is increased by 0.5% at the lending rate issued by the Central Bank of Pakistan.

22) According to the “Working Capital Loan Contract” signed by the subsidiary Sichuan Changhong Air Conditioning Co., Ltd. and the Industrial and Commercial Bank of China Co., Ltd. Mianyang Branch, the subsidiary Sichuan Changhong Air Conditioning Co., Ltd. applied for a total of 60 million yuan of floating loans to the Industrial and Commercial Bank of China Co., Ltd. Mianyang Branch in the form of credit, of which the borrowing period of 30 million yuan was from October 9, 2018 to August 6, 2019, the borrowing rate was 4.785%; the borrowing period of 22 million yuan and 8 million yuan was from December 20, 2018 to December 12, 2019, the borrowing rate was 4.785%.

23)According to the RMB Short-term Loans Contract entered into by subsidiary Sichuan Changhong Air-conditioner Co., Ltd. and Mianyang Branch of Bank of China, Sichuan Changhong Air-conditioner Co., Ltd. applying for a short-term loan of RMB 30 million by credit. Terms of borrowing from 23 November 2018 to 23 November 2019. Lending rate of 4.5675%.

(2) No overdue short-term loans outstanding at period-end.

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19. Tradable financial liability

Item	Ending balance	Opening balance
Tradable financial liability	45,676,424.26	55,586,666.70
Including: Derivative financial liability	45,676,424.26	55,586,666.70

20. Note payable

Category	Ending balance	Opening balance
Bank acceptance	3,404,671,736.59	3,284,348,686.53
Trade acceptance	174,745,284.67	443,405,713.07
Total	**3,579,417,021.26**	**3,727,754,399.60**

No notes expired at period-end without paid

21. Account payable

(1) Account age

Item	Ending balance	Opening balance
Total	**3,107,804,073.88**	**2,282,174,981.38**
Including over one year	68,725,917.04	75,298,651.56

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

22. Account received in advance

(1) Account age

Item	Ending amount	Opening amount
Total	**339,031,201.91**	**354,551,354.80**
Including: over one year	16,569,951.63	46,153,276.08

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

23. Wages payable

(1) Category

Item	Opening balance	Current increased	Current decreased	Ending balance
Short-term compensation	155,874,082.33	768,835,709.46	801,329,527.57	123,380,264.22
After-service welfare- defined contribution plans	3,468,236.56	58,039,143.60	55,282,531.39	6,224,848.77
Dismiss welfare	4,296,308.90	1,782,411.59	2,586,004.38	3,492,716.11

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Item	Opening balance	Current increased	Current decreased	Ending balance
Total	**163,638,627.79**	**828,657,264.65**	**859,198,063.34**	**133,097,829.10**

(2) Short-term compensation

Item	Opening balance	Current increased	Current decreased	Ending balance
Wages, bonuses, allowances and subsidies	148,199,467.67	691,024,223.47	723,553,933.40	115,669,757.74
Welfare for workers and staff	201,843.00	25,148,647.85	24,848,959.40	501,531.45
Social insurance	1,939,268.68	24,258,292.72	24,277,534.91	1,920,026.49
Including: Medical insurance	1,745,030.71	22,845,477.69	22,836,486.67	1,754,021.73
Work injury insurance	128,176.10	690,149.55	724,777.34	93,548.31
Maternity insurance	66,061.87	722,665.48	716,270.90	72,456.45
Housing accumulation fund	3,685,537.29	27,247,451.77	27,538,339.85	3,394,649.21
Labor union expenditure and personnel education expense	1,847,965.69	1,157,093.65	1,110,760.01	1,894,299.33
Total	**155,874,082.33**	**768,835,709.46**	**801,329,527.57**	**123,380,264.22**

(3) Defined contribution plans

Item	Opening balance	Current increased	Current decreased	Ending balance
Basic endowment insurance	2,680,604.52	56,031,248.87	53,273,240.43	5,438,612.96
Unemployment insurance	787,632.04	2,007,894.73	2,009,290.96	786,235.81
Total	**3,468,236.56**	**58,039,143.60**	**55,282,531.39**	**6,224,848.77**

24. Tax payable

Item	Ending balance	Opening balance
Value-added tax	23,796,613.38	63,860,640.63
Enterprise income tax	4,122,854.40	3,112,632.27
Individual income tax	1,303,092.55	2,384,041.50
Urban maintenance and construction tax	2,609,681.30	8,430,591.08
Real estate tax	6,261,744.12	6,527,533.98
Land use tax	2,873,696.99	2,870,637.90
Educational surtax	1,894,410.19	6,043,987.22
Stamp tax	1,389,283.18	1,481,453.67
Construction fund of Water Conservancy Projects	581,969.76	547,748.65
Treatment fund for abandon electrics & electronics	16,954,225.00	14,421,381.00
Other	27,628.35	72,784.27

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Item	Ending balance	Opening balance
Total	**61,815,199.22**	**109,753,432.17**

25. Other account payable

Item	Ending balance	Opening balance
Interest payable	14,695,840.49	7,519,756.26
Dividend payable	21,356,359.44	17,317,286.45
Other account payable	749,267,297.62	635,483,317.55
Total	**785,319,497.55**	**660,320,360.26**

25.1 Interest payable

(1) Category

Item	Ending balance	Opening balance
Interest on long-term borrowings for repayment of principal of installment maturity	281,020.02	166,494.25
Interest of short-term loans	14,414,820.47	7,353,262.01
Total	**14,695,840.49**	**7,519,756.26**

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

25.2 Dividends payable

Item	Ending balance	Opening balance
Sichuan Changhong Electric Co., Ltd.	14,907,463.44	14,082,358.08
Hefei Industry Investment Holding (Group) Co., Ltd.	2,869,404.06	
Other units	1,990,465.23	1,822,961.12
City Insurance company	598,054.05	524,279.25
Hefei Branch of BOC	299,027.00	262,139.60
Hefei collective industry association	299,026.54	262,139.20
Entrust Investment Wuhu of Provincial ABC	239,221.62	209,711.70
BOC- Fullgoal Tianyi Securities Investment Fund	153,697.50	153,697.50
Total	**21,356,359.44**	**17,317,286.45**

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

25.3 Other account payable

(1) Other account payable by nature

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Nature	Ending balance	Opening balance
1.Accrued expenses (expenses occurred without reimbursed)	554,752,793.43	467,314,369.66
2. Receivables received temporary and deducted temporary	22,670,169.39	17,869,297.44
3.Deposit, margin	125,359,215.91	92,960,934.56
4.Not the come-and-go with related parties in statement scope	19,369,989.14	7,993,374.18
5. Other	27,115,129.75	49,345,341.71
Total	**749,267,297.62**	**635,483,317.55**

(2) At end of the period, the major other account payable with account age over one year mainly refers to the margin.

26. Non-current liability due within one year

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

Item	Ending balance	Opening balance
Long term borrowings due within one year	300,000.00	250,300,000.00
Long term account payable due within one year	7,000,000.00	7,000,000.00
Deferred income transfer to gains and losses within one year		16,382,737.85
Total	**7,300,000.00**	**273,682,737.85**

Note: Changes of deferred income transfer into gain and loss within one year are the non-current liability due within one year are switch back to deferred income, which has re-classified originally

27. Long term borrowings

(1) Category of long term borrowings

Category	Ending amount	Opening amount
Loan in mortgage	1,280,000.00	1,920,000.00
Loan in credit	300,000,000.00	
Total	**301,280,000.00**	**1,920,000.00**

(2) Long-term borrowings at period-end

Loan from	Borrowing day	Returning day	Foreign currency	Interest rate	Ending amount (RMB)	Opening amount (RMB)
Ministry of Finance of Hefei Note 1	2006.11.09	2021.11.08	RMB	1.80%	1,280,000.00	1,920,000.00
EIBC (Export-Import Bank of China) Anhui Province Branch Note 2	2019.05.30	2021.05.30	RMB	3.685%	300,000,000.00	

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Total					**301,280,000.00**	**1,920,000.00**

Note 1: 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.14).

Note 2: The Company entered into a Loan Contract with EIBC (Export-Import Bank of China) Anhui Province Branch with contract terms of 2 years. Term of borrowing from 30 May 2019 to 31 May 2021 with fixed annual rate of 3.685%, borrowing amounted to 300,000,000.00 Yuan.

28. Long-term account payable

Item	Ending balance	Opening balance
Long-term account payable	2,840,179.20	3,487,208.00
Special payable	1,530,000.00	1,530,000.00
Total	**4,370,179.20**	**5,017,208.00**

28.1 Classify by nature

Nature	Ending balance	Opening balance
Financing lease	2,840,179.20	3,487,208.00
Total	**2,840,179.20**	**3,487,208.00**

28.2 Special payable

Item	Opening balance	Current increased	Current decreased	Ending balance	Reason
Zhongshan Special funds for Technical renovation	1,530,000.00			1,530,000.00	Technology plan project in Zhongshan City

29.Long-term wage payable

Item	Ending balance	Opening balance
Dismissal welfare	15,588,518.08	19,073,101.29

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

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the period amounting to RMB 15,588,518.08

30. Accrual liability

Item	Ending balance	Opening balance	Reason
Product quality guarantee	13,886,929.14	12,952,457.86	Guarantee of product
Guarantee fund for quality service	245,471,990.90	247,060,570.02	Guarantee of product
Penalty expenses		13,050,649.33	Penalty
Total	**259,358,920.04**	**273,063,677.21**	

Product quality guarantee 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.

31. Deferred income

(1) Classification of deferred income

Item	Ending amount	Opening amount
Government subsidies---subsidies of development project	133,945,590.38	116,035,026.43
Government subsidies---subsidies of Relocation	46,375,054.55	44,215,937.17
Total	**180,320,644.93**	**160,250,963.60**

(2) Government subsidy

Government subsidy	Opening amount	New subsidy in the period	Amount reckoned into other income	Other changes	Ending amount	Assets related/Income related
Demonstration factory construction for the intelligent manufacturing of intelligent air-conditioner	49,500,000.00				49,500,000.00	Assets related
Demolition compensation of Changhong Meiling	40,254,943.27		1,097,927.30	-2,358,104.44	41,515,120.41	Assets related
Adaptability improvement on new coolants production	11,824,908.42		1,182,490.86	-2,364,981.72	13,007,399.28	Assets related
Special funds for technical transformation of the Athena project	4,877,812.50		2,143,125.00	-4,286,250.00	7,020,937.50	Assets related
Production base relocation and expansion	6,880,000.00				6,880,000.00	Assets related

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Government subsidy	Opening amount	New subsidy in the period	Amount reckoned into other income	Other changes	Ending amount	Assets related/Income related
and upgrading project of Changhong Air-conditioner						
Key chip modules and testing capacity building projects for frequency converter	6,840,000.00				6,840,000.00	Assets related
Research and application of the VISA (variable frequency volume integrated intelligent air-conditioner)	5,872,093.04		704,651.16	-1,409,302.32	6,576,744.20	Assets related
Demolition compensation of Jiangxi Meiling	3,960,993.98		898,940.16	-1,797,880.32	4,859,934.14	Assets related
Municipal funds for major science & technology projects (plans for strong enterprises in science & technology)	4,200,000.00				4,200,000.00	Assets related
Subsidies for intelligent transformation & upgrading of enterprises from the new industrialization policy in economic development zone	3,886,414.58		302,837.50	-605,675.00	4,189,252.08	Assets related
Government subsidy for new plant construction - industrialization of cryogenic refrigeration equipment	3,791,666.67		250,000.00	-500,000.00	4,041,666.67	Assets related
Industrialization of intelligent white household appliances software platform and typical application research and development	3,030,303.05		363,636.36	-727,272.72	3,393,939.41	Assets related

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Government subsidy	Opening amount	New subsidy in the period	Amount reckoned into other income	Other changes	Ending amount	Assets related/Income related
Centre for external cooperation of the environmental protection	2,538,300.00				2,538,300.00	Assets related
Research and application of the MCU chip for inverter control	2,300,000.00				2,300,000.00	Assets related
Special funds for strategic emerging industry and high-end growth industry	2,000,000.00				2,000,000.00	Assets related
Equipment subsidy for the industrial base technical renovation from Economic and Information Commission	1,782,083.33		117,500.00	-235,000.00	1,899,583.33	Assets related
Subsidy for equipment purchasing of the technical renovation from Hefei for year of 2017	1,358,630.00		89,580.00	-179,160.00	1,448,210.00	Assets related
Promoting the new industry (annual output of 0.6 million medium& large volume environmental protection and energy saving freezer)	1,065,443.73		152,206.26	-304,412.52	1,217,649.99	Assets related
Energy-saving intelligent air conditioner industrialization project	1,069,072.21		105,154.62	-210,309.24	1,174,226.83	Assets related
Freezer project of Changhong Meiling	734,062.42		367,031.26	-734,062.52	1,101,093.68	Assets related
2018 Zhongshan Special fund for industrial development - Special topic of technical transformation	730,232.58		132,861.90	-265,723.77	863,094.45	Assets related
Special funds for technical renovation	649,657.27		69,806.12	-139,612.26	719,463.41	Assets related

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Government subsidy	Opening amount	New subsidy in the period	Amount reckoned into other income	Other changes	Ending amount	Assets related/Income related
Innovation development project for the E-Business	294,353.71		38,037.66	-76,075.34	332,391.39	Assets related
Technical renovation of air conditioner production line	286,596.77		30,601.92	-61,203.83	317,198.68	Assets related
Government subsidy for the project of ministry of finance of science and education entrepreneurship park in Mianyang Technology Town	207,607.53		28,893.12	-57,786.21	236,500.62	Assets related
Equipment investment for the refrigerator evaporator workshop	186,295.31		14,516.52	-29,033.05	200,811.84	Assets related
Subsidy for the development on production line technical reform for green-friendly high-quality metal pipe	129,493.23		20,446.30	-40,892.59	149,939.52	Assets related
Subsidy for manufacturing transformation and upgrading		10,000,000.00	625,000.00		9,375,000.00	Assets related
Project of production line upgrading		1,580,000.00			1,580,000.00	Assets related
Subsidy for purchasing the research instrument		882,000.00	39,812.50		842,187.50	Assets related
Provincial innovation-driven development fund		2,950,000.00	2,950,000.00			Assets related
Total	**160,250,963.60**	**15,412,000.00**	**11,725,056.52**	**-16,382,737.85**	**180,320,644.93**	

Note: other changes are the non-current liability due within one year are switch back to deferred income, which has re-classified originally

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31.Share capital

Item	Opening balance	Change during the period (+、-)					Ending balance
		New shares issued	Bonus share	Shares transferred from capital reserve	Other	Subtotal	
Total shares	1,044,597,881.00						1,044,597,881.00

32.Capital reserve

Item	Opening amount	Current increased	Current decreased	Ending amount
Share premium	2,636,196,335.76			2,636,196,335.76
Other capital reserve	48,173,262.70			48,173,262.70
Total	**2,684,369,598.46**			**2,684,369,598.46**

33. Other comprehensive income

Item	Opening balance	Current amount					Ending balance
		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 expenses	Belong to parent company after tax	Belong to minority shareholders after tax	
Other comprehensive income that will re-classified to gains/losses later							
Including: Translation differences arising on translation of foreign currency financial statements	-18,143,569.26	-6,957,381.18			-4,411,347.06	-2,546,034.12	-22,554,916.32

34. Surplus reserves

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Item	Opening amount	Current increased	Current decreased	Ending amount
Statutory surplus reserve	284,043,041.22			284,043,041.22
Discretionary surplus reserve	115,607,702.16			115,607,702.16
Total	**399,650,743.38**			**399,650,743.38**

35. Retained profit

Item	Current period	Last year
Amount at the end of last year	**904,232,582.87**	**937,894,771.93**
Add: Adjustment from undistributed profit at period-begin	-2,734,328.91	
Including: retroactive adjustment by Accounting Standards for Business Enterprise		
Change of accounting policy	-2,734,328.91	
Correction of former material error		
Change of combination scope under common control		
Current opening balance	901,498,253.96	937,894,771.93
Add: net profit attributable to shareholders of parent company for this period	54,334,022.57	38,658,256.97
Less: withdraw of statutory surplus reserve		9,644,573.17
Withdraw of discretionary surplus reserve		
Withdraw of general risk provision		
Dividend payable for ordinary shares	62,675,872.86	62,675,872.86
Dividend of ordinary shares transferred to share capital		
Current ending balance	**893,156,403.67**	**904,232,582.87**

36.Operation income and operation cost

(1)Operation income and operation cost

Item	Current period	Same period last year
Main business income	8,543,968,799.83	8,757,143,510.24
Other business income	589,193,881.11	514,366,059.43
Total	**9,133,162,680.94**	**9,271,509,569.67**
Main business cost	6,942,346,945.06	7,281,761,791.71
Other business cost	548,208,592.19	476,391,769.38
Total	**7,490,555,537.25**	**7,758,153,561.09**

(2) Main business classified according to product

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Category	Current period		Same period last year	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator, freezer	3,819,493,665.57	2,965,821,052.02	3,684,406,463.15	3,058,028,464.57
Air-conditioner	3,990,707,709.01	3,364,231,232.05	4,377,900,401.60	3,651,494,563.49
Washing machine	205,216,507.29	161,545,734.09	245,765,756.90	194,685,123.72
Small household appliances and kitchen and bathroom	456,750,621.11	387,949,800.00	342,326,803.66	289,208,295.28
Other	71,800,296.85	62,799,126.90	106,744,084.93	88,345,344.65
Total	**8,543,968,799.83**	**6,942,346,945.06**	**8,757,143,510.24**	**7,281,761,791.71**

(3) Main business classified according to sales region

Region	Current period		Same period last year	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	6,416,709,241.89	5,079,123,427.39	6,582,227,391.77	5,265,836,158.39
Overseas	2,127,259,557.94	1,863,223,517.67	2,174,916,118.47	2,015,925,633.32
Total	**8,543,968,799.83**	**6,942,346,945.06**	**8,757,143,510.24**	**7,281,761,791.71**

Top five clients have income in sales of RMB 3,257,767,331.75 in total, a 35.67% in total operation income.

37. Business tax and extra charges

Item	Current period	Same period last year
Urban maintenance and construction tax	17,260,016.63	8,406,952.52
Extra charge for education and local education surcharge	12,444,121.82	6,193,234.76
Real estate tax	7,655,849.19	6,331,152.39
Treatment fund for abandon electrics & electronics	31,474,957.00	31,447,903.00
Land use tax	3,523,971.33	3,434,654.93
Stamp tax	4,952,161.86	4,753,277.96
Water conservancy fund	3,408,253.81	3,853,591.62
Other	-79,571.90	626,093.52
Total	**80,639,759.74**	**65,046,860.70**

38.Sales expense

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Item	Current period	Same period last year
Salary and extra charge	313,475,070.08	292,922,520.17
Transport expenses	286,457,370.36	305,836,447.75
Market support fee	194,977,090.49	120,554,254.66
Air conditioner installation fee	181,806,817.80	203,099,493.53
National three guarantees expense	102,855,535.34	115,087,841.60
Storage rental fee	63,667,118.95	46,989,665.76
Travel expenses	24,070,080.12	22,116,566.78
Advertising fee	14,704,579.10	20,439,905.41
Business activities fee	12,174,172.67	11,545,987.12
Rental	9,326,474.23	9,315,946.49
Meeting organization fee	7,727,993.33	5,136,507.36
Depreciation	3,629,916.41	4,681,132.02
Communication expense	3,134,174.08	2,791,642.75
Vehicle consumption	2,398,835.38	3,629,608.16
Exhibition fee	1,316,598.73	1,349,558.46
Other	22,669,929.80	24,244,023.30
Total	**1,244,391,756.87**	**1,189,741,101.32**

39. Administration expense

Item	Current period	Same period last year
Salary and social insurance etc.	88,854,543.67	64,754,878.67
Intangible assets amortization	12,746,300.56	13,100,553.07
Depreciation	9,675,666.50	9,211,393.42
Water and electricity fee	8,528,459.15	4,287,941.37
Domestic travel expenses	3,968,094.14	2,858,919.43
Business activities fee	2,604,837.36	2,544,956.92
Property insurance fee	2,142,321.97	2,525,455.64
Inspection and certification fee	1,732,091.97	402,785.93
Office allowance	1,499,270.12	1,254,941.40
Other expense	32,641,457.26	48,052,965.04
Total	**164,393,042.70**	**148,994,790.89**

40. R&D expenses

Item	Current period	Same period last year

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Item	Current period	Same period last year
Salary and social insurance etc.	45,300,688.74	41,213,181.37
Intangible assets amortization	40,270,721.67	21,912,016.24
Trial fee of R&D	17,704,764.73	16,115,615.67
Depreciation	4,107,066.78	2,939,806.37
Cost of mould	3,381,991.85	1,477,412.22
Inspection and certification fee	3,314,163.26	4,364,420.14
Software royalty	1,868,153.84	687,413.42
Domestic travel expenses	1,069,553.39	862,987.19
Other	3,030,936.60	3,207,440.82
Total	**120,048,040.86**	**92,780,293.44**

41. Financial expenses

Item	Current period	Same period last year
Interest expenditure	57,892,999.31	60,155,710.42
Less: Interest income	59,401,426.37	64,297,532.05
Add: Exchange loss	10,608,433.65	-8,469,817.98
Commission charges	13,172,852.69	7,644,041.40
Discount expenditure	-4,610,181.50	-8,492,429.72
Total	**17,662,677.78**	**-13,460,027.93**

42. Other income

Item	Current period	Same period last year
Supplementary fund for characteristic dual creative carriers of borrowing and transferring	4,000,000.00	
Policy-based subsidy for enterprise from Economic and Trade Development Bureau	3,000,000.00	
Provincial innovation-driven development fund	2,950,000.00	
VAT refunded on demand for software products	2,649,557.46	2,678,189.08
Special funds for technical transformation of the Athena project	2,143,125.00	2,143,125.00
Logistic subsidy for household appliance enterprise	1,753,000.00	4,090,200.00
Special funds for promoting the steady growth in foreign trade from Zhongshan	1,532,797.00	
Research and industrial application of key energy-saving comfort control technology of frequency conversion air conditioner	1,440,000.00	
Annual award cash fund for the container in Nanjing Port	1,234,485.00	1,414,840.00

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Item	Current period	Same period last year
Adaptability improvement on new coolants production	1,182,490.86	1,182,490.85
Demolition compensation of Changhong Meiling	1,097,927.30	1,195,265.35
Special funds for foreign trade development and port construction	1,057,163.36	1,400,000.00
Subsidy for E-business sales	1,000,000.00	
Demolition compensation of Jiangxi Meiling	898,940.16	898,940.16
Research and application of the VISA (variable frequency volume integrated intelligent air-conditioner)	704,651.16	704,651.16
Reward for clearing up urban land use tax and real estate tax from high-tech district of Jingdezhen	671,307.09	
Subsidy for manufacturing transformation and upgrading	625,000.00	
Subsidy for customized household appliance standards of China household appliance research institute	574,000.00	
Project of the technological transformation of industrial enterprise in high-tech district of Jingdezhen	500,000.00	
Freezer project of Changhong Meiling	367,031.26	367,031.24
Industrialization of intelligent white household appliances software platform and typical application research and development	363,636.36	
Subsidies for intelligent transformation & upgrading of enterprises from the new industrialization policy in economic development zone	302,837.50	4,845,400.00
Promoting the new industry (annual output of 0.6 million medium& large volume environmental protection and energy saving freezer)	152,206.26	
2018 Zhongshan Special fund for industrial development - Special topic of technical transformation	132,861.90	
Equipment subsidy for the industrial base technical renovation from Economic and Information Commission	117,500.00	
Energy-saving intelligent air conditioner industrialization project	105,154.62	105,154.63
Subsidy for equipment purchasing of the technical renovation from Hefei for year of 2017	89,580.00	
Special funds for technical renovation	69,806.12	
Subsidy for purchasing the research instrument	39,812.50	
Innovation development project for the E-Business	38,037.66	
Technical renovation of air conditioner production line	30,601.92	
Government subsidy for the project of ministry of finance of science and education entrepreneurship park in Mianyang Technology Town	28,893.12	

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Item	Current period	Same period last year
Other sporadic projects	4,458,804.99	7,354,370.15
Policy-based funds for enterprise		15,410,000.00
Policy award for the development of service industry		1,428,700.00
Provincial-level special funds for industry and informatization for year of 2017 in Zhongshan		1,168,000.00
Special fund for undertaking industrial transfer and promoting innovation in processing trade		1,000,000.00
Provincial-level government subsidy for enterprise research and development in Guangdong Province for year of 2017		654,100.00
Provincial special development funds for science and technology		520,600.00
Total	**35,311,208.60**	**48,561,057.62**

43. Investment income

(1) Sources of investment income

Item	Current period	Same period last year
Long-term equity investment income by equity method	-8,822,000.32	-15,674,377.81
Income from financial products	31,627,554.38	34,464,061.27
Investment income obtained from disposal of tradable financial assets	-11,141,590.61	-4,040,264.37
Total	**11,663,963.45**	**14,749,419.09**

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

Item	Current period	Same period last year	Reason of change of this period than last period
Hefei Xingmei Assets Management Co., Ltd.	-468,074.75	-858,103.15	Changes of net profit of the invested unit
Changhong Ruba Electric Company (Private) Ltd.	-7,052,869.41	-6,345,139.13	Changes of net profit of the invested unit and counter current transaction offset
Sichuan Zhiyijia Network Technology Co., Ltd.	-766,788.19	-5,514,211.59	
Hongyuan Ground Energy Heat Tech. Co., Ltd.	56,527.13	-1,343,332.11	
Sichuan Tianyou Guigu Technology Co., Ltd	-692,415.62	-703,779.88	
Chengdu Guigu Environmental Tech. Co., Ltd.	101,620.52	-909,811.95	

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Item	Current period	Same period last year	Reason of change of this period than last period
Total	**-8,822,000.32**	**-15,674,377.81**	

(3) The investment income obtained from the disposal of trading financial assets is the profit and loss arising from the non-deliverable forwards foreign exchange agreement (NDF) transactions.

44. Changes in fair value gains/loses

Item	Current period	Same period last year
Tradable financial assets	-6,550,413.41	9,424,691.63
Including: Income of fair value changes from derivative financial instruments	-6,550,413.41	9,424,691.63
Tradable financial liability	9,915,203.65	-28,215,602.74
Including: Income of fair value changes from derivative financial instruments	9,915,203.65	-28,215,602.74
Total	**3,364,790.24**	**-18,790,911.11**

45. Credit impairment loss

Item	Current period	Same period last year
Credit loss	9,545,495.95	
Total	**9,545,495.95**	

46. Assets impairment loss

Item	Current period	Same period last year
Loss on inventory valuation	-10,615,932.01	-3,586,156.55
Bad debt loss		-15,351,964.10
Total	**-10,615,932.01**	**-18,938,120.65**

47. Income from assets disposal

Item	Current period	Same period last year	Amount reckoned into non-recurring gains/losses in the period
Income from non-current assets disposal	-937,771.74	3,283,766.57	-937,771.74
Including: income classify to assets ready for sale			
income not classify as to assets ready for sale			

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Item	Current period	Same period last year	Amount reckoned into non-recurring gains/losses in the period
Including: Income from fixed assets disposal	-937,771.74	3,283,766.57	-937,771.74
Income from disposal of investment real estate			
Income from intangible assets disposal			
Total	**-937,771.74**	**3,283,766.57**	**-937,771.74**

48.Non-operation income

(1) Non-operation income

Item	Current period	Same period last year	Amount reckoned into non-recurring gains/losses in the period
Government subsidy	110,000.00	225,000.00	110,000.00
Income of penalty	379,815.74	277,194.36	379,815.74
Other	1,986,381.28	3,579,908.22	1,986,381.28
Total	**2,476,197.02**	**4,082,102.58**	**2,476,197.02**

(2) Government subsidy

Item	Current period	Same period last year	Resource and basis	Assets/income related
Municipal industrial development project award for 2018	90,000.00		Chuan CJ (2019) No.: 20	Income related
Other government subsidy	20,000.00	125,000.00		Income related
Identify subsidy for high-tech enterprise		100,000.00	Clause 9 in IV. Promoting science & technology innovation policy from Hefei Economic and Development Zone for 2017	Income related
Total	**110,000.00**	**225,000.00**		

49.Non-operating expenditure

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Item	Current period	Same period last year	Amount reckoned into non-recurring gains/losses in the period
Relocation expenses	2,131,394.09		2,131,394.09
Penalties and late fees	11,517.95	34,570.26	11,517.95
Other	219,614.33	6,220.99	219,614.33
Total	**2,362,526.37**	**40,791.25**	**2,362,526.37**

50. Income tax expenses

Item	Current period	Same period last year
Current income tax expenses	11,572,518.08	18,800,557.16
Deferred income tax expenses	6,128,742.26	-8,649,608.87
Total	**17,701,260.34**	**10,150,948.29**

51. Other comprehensive income

Found more in 33. Other comprehensive income in VI

52. Items of cash flow statement

(1) Cash received (paid) from (for) other activities relating to operation/investment/financing

1) Cash received from other activities relating to operation

Item	Current period	Same period last year
Government subsidy and rewards	36,458,594.62	38,722,345.21
Collection of restriction fund	26,400,639.34	71,867,901.70
Rental and trademark income	4,026,499.54	1,962,506.25
Margin, deposit	3,265,073.83	7,680,619.00
Compensations received	1,368,694.98	2,892,909.75
Other	5,727,441.00	2,336,054.87
Total	**77,246,943.31**	**125,462,336.78**

2) Cash paid for other activities relating to operation

Item	Current amount	Same period last year
Market support fee	128,402,307.99	136,499,129.66
Rental fee	94,079,187.33	56,875,333.32
Employees borrow funds, Margin	49,884,342.29	19,861,339.63
Restricted currency movements	35,263,814.30	

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Item	Current amount	Same period last year
Travel expenses	30,084,107.15	28,861,389.77
Advertising fee	22,969,354.76	17,501,197.89
Business activities fee	15,643,474.01	15,258,911.52
Penalties and late fees	12,959,457.95	34,570.26
Commission charges	11,238,128.64	5,264,882.17
Inspection and certification fee	8,876,393.23	6,907,016.78
Meeting organization fee	8,454,207.14	5,921,884.86
Office allowance	4,614,465.23	5,225,497.25
Shuttle fare	4,142,833.60	3,869,933.80
Vehicle costs	3,044,978.86	6,397,924.47
Exhibition fee	446,595.32	1,415,180.75
Other	90,947,636.18	94,574,127.16
Total	**521,051,283.98**	**404,468,319.29**

3) Cash received from other activities relating to investment

Item	Current amount	Same period last year
Interest income arising from bank savings	52,972,498.64	67,279,674.91
Government subsidy received with assets concerned		15,511,600.00
Other	1,934,235.51	1,678,745.81
Total	**54,906,734.15**	**84,470,020.72**

4) Cash paid for other activities relating to investment

Item	Current amount	Same period last year
Loses of forward exchange settlement	11,141,590.61	
Project bidding bond refund		270,000.00
Total	**11,141,590.61**	**270,000.00**

5) Cash paid for other activities relating to financing

Item	Current amount	Same period last year
Margin payments on loans became limited	24,750,000.00	
Financing lease	647,028.80	
Handling charge of dividend	44,620.40	10,179.95
Amount refund to minority shareholders due to the cancellation of subsidiary		2,000,000.00
Handling charge of private placement		5,000.00

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Total	**25,441,649.20**	**2,015,179.95**

(2) Supplementary of the consolidated cash flow statement

Item	Current period	Same period last year
1. Net profit is adjusted to cash flow of operation activities:		
Net profit	46,216,030.54	53,008,564.72
Add: Ending balance of assets impairment	1,070,436.06	18,938,120.65
Depreciation of fixed assets, consumption of oil gas assets and depreciation of productive biological assets	89,438,431.78	76,256,307.73
Amortization of intangible assets	54,522,230.54	35,299,207.62
Amortization of long-term retained expense		1,983,197.40
Loss from disposal of fixed assets, intangible assets and other long term assets (gain is listed with "-")	937,771.74	-3,283,766.57
Loss from discarding fixed assets as useless (gain is listed with "-")		
Loss from change of fair value(gain is listed with "-")	-3,364,790.24	18,790,911.11
Financial expense (gain is listed with "-")	-2,486,261.85	-12,611,639.61
Investment loss (gain is listed with "-")	-11,663,963.45	-14,749,419.09
Decrease of deferred income tax assets (increase is listed with "-")	6,666,548.00	-9,345,945.02
Increase of deferred income tax liabilities (decrease is listed with "-")	-251,195.56	709,021.19
Decrease of inventories (increase is listed with "-")	79,201,887.77	-500,342,261.06
Decrease of operational accounts receivable (increase is listed with "-")	-365,235,586.93	-979,401,011.32
Increase of operational accounts payable (decrease is listed with "-")	478,432,461.79	1,475,238,073.31
Other		
Net cash flow arising from operation activities	373,484,000.19	160,489,361.06
2. Major investment and financing activities that do not involve cash receipts:		
Conversion of debt into capital		
Convertible bonds due within one year		
Financing lease of fixed assets		
3. Net change in cash and cash equivalents:		
Ending balance of cash	4,265,961,763.00	3,766,244,024.41

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Item	Current period	Same period last year
Less: Opening balance of cash	4,484,643,187.93	5,089,765,770.39
Add: Ending balance of cash equivalents		
Less: Balance of cash equivalents at period-begin		
Net increase in cash and cash equivalents	-218,681,424.93	-1,323,521,745.98

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

(4) No net cash received from subsidiary disposal in the Year

(5) Cash and cash equivalent

Item	Current period	Opening amount
Cash	4,265,961,763.00	4,484,643,187.93
Including: cash in stock	78,985.65	28,650.21
Bank deposits available for payment at any time	3,693,361,393.65	4,029,892,318.85
Other monetary fund available for payment at any time	572,521,383.70	454,722,218.87
Cash equivalents		
Including: bond investment due within 3 months		
Balance of cash and cash equivalents at period-end	4,265,961,763.00	4,484,643,187.93
Including: using the restricted cash and cash equivalents of the parent company or subsidiary of the group		

53. Assets with ownership or the right to use restricted

Item	Ending book value	Reasons
Monetary fund	145,047,544.43	Margin
Note receivable [note 1]	458,081,292.13	Pledged
Intangible assets [note 2]	18,602,474.80	Pledged
Account receivable [note 3]	133,257,920.84	Pledged
Total	**754,989,232.20**	

Note 1: The note receivable was pledged for: with purpose of improving the note utilization, the Company draw up bank acceptance by pledge parts of the outstanding notes receivable to the bank

Note 2: intangible assets mortgaged refer to the land use right pledge, found more in "27. Long term borrowings" under this note VI

Note 3: Pledge of the account receivable refers to the account pledge for export bill financing.

54. Foreign currency

(1) Foreign currency

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Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
Monetary fund			
Including: USD	24,733,338.00	6.8747	170,034,278.76
Euro	2,460,031.90	7.8170	19,230,069.34
AUD	2,694,188.59	4.8156	12,974,134.57
Rupee	39,412,370.89	0.042047	1,657,171.96
HKD	3,296.78	0.8797	2,900.18
Indonesian rupiah	4,584,917,182.00	0.000486	2,228,269.75
Account receivable			
Including: USD	93,698,853.61	6.8747	644,151,508.89
Euro	1,104,812.44	7.8170	8,636,318.83
AUD	2,941,999.39	4.8156	14,167,492.26
Rupee	2,493,528,236.01	0.042047	104,845,381.74
Indonesian rupiah	31,026,842,789.00	0.000486	15,079,045.60
Other account receivable			
Including: USD	66.70	6.8747	458.54
Rupee	28,952,676.00	0.042047	1,217,373.17
Indonesian rupiah	339,861,981.00	0.000486	165,172.92
Account paid in advance			
Including: USD	137,241.00	6.8747	943,490.70
Euro	69,459.71	7.8170	542,966.55
Indonesian rupiah	899,870,832.00	0.000486	437,337.22
Account payable			
Including: USD	2,278,365.91	6.8747	15,663,082.12
Rupee	1,094,058,233.89	0.042047	46,001,866.56
Other account payable			
Including: USD	225,933.49	6.8747	1,553,224.96
Rupee	262,389,473.82	0.042047	11,032,690.21
Indonesian rupiah	4,938,240,639.00	0.000486	2,399,984.95
Account received in advance			
Including: USD	12,395,925.26	6.8747	85,218,267.38
Euro	52,919.69	7.8170	413,673.22
Rupee	15,230,417.46	0.042047	640,393.36
Indonesian rupiah	146,700,000.00	0.000486	71,296.20

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Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
Short-term loans			
Including: USD	70,966,619.00	6.8747	487,874,215.64
Rupee	751,700,000.00	0.042047	31,606,729.90

(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.

55. Government subsidy

(1) Government subsidy

Category	Amount	Item	Amount reckoned into current gain/loss
Subsidy for manufacturing transformation and upgrading	10,000,000.00	Deferred income	625,000.00
Supplementary fund for characteristic dual creative carriers of borrowing and transferring	4,000,000.00	Other income	4,000,000.00
Policy-based subsidy for enterprise from Economic and Trade Development Bureau	3,000,000.00	Other income	3,000,000.00
Provincial innovation-driven development fund	2,950,000.00	Deferred income	2,950,000.00
VAT refunded on demand for software products	2,649,557.46	Other income	2,649,557.46
Logistic subsidy for household appliance enterprise	1,753,000.00	Other income	1,753,000.00
Project of production line upgrading	1,580,000.00	Deferred income	
Special funds for promoting the steady growth in foreign trade from Zhongshan	1,532,797.00	Other income	1,532,797.00
Research and industrial application of key energy-saving comfort control technology of frequency conversion air conditioner	1,440,000.00	Other income	1,440,000.00
Annual award cash fund for the container in Nanjing Port	1,234,485.00	Other income	1,234,485.00
Special funds for foreign trade development and port construction	1,057,163.36	Other income	1,057,163.36
Subsidy for E-business sales	1,000,000.00	Other income	1,000,000.00
Subsidy for purchasing the research instrument	882,000.00	Deferred income	39,812.50
Reward for clearing up urban land use tax and real estate tax from high-tech district of Jingdezhen	671,307.09	Other income	671,307.09

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Category	Amount	Item	Amount reckoned into current gain/loss
Subsidy for customized household appliance standards of China household appliance research institute	574,000.00	Other income	574,000.00
Project of the technological transformation of industrial enterprise in high-tech district of Jingdezhen	500,000.00	Other income	500,000.00
Other sporadic projects	4,283,842.17	Other income, non-operation income	4,283,842.17
Total	**39,108,152.08**		**27,310,964.58**

(2) Refund of government subsidy: nil

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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

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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
Nanchang Xiangyou Electric Marketing Co., Ltd		85%	Liquidation cancellation	2019.1	Liquidation completed		

6. Subsidiary newly established

Subsidiary	Type	Registration place	Business nature	Register capital (in 10 thousand Yuan)	Capital actually paid at period-end (in 10 thousand Yuan)	Other item that substantially constitute net investment in subsidiary	Shareholding ratio (%)	Voting ratio (%)	Whether in consolidate statement (Y/N)	Minority's interest
Hefei Meiling Wulian Technology Co., Ltd.	Limited company	Hefei	R&D	1000	600		100.00	100.00	Y	
Anhui Tuoxing Technology Co., Ltd.	Limited company	Hefei	R&Dand manufacturing	1000	0.00		66.87	66.87	Y	

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VIII. Equity in other entity

1. Equity in subsidiary

(1) Composition of the enterprise group

Subsidiary	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
				Directly	Indirectly	
Zhongke Meiling Cryogenic Technology Co., Ltd.1)	Hefei	Hefei	R&D and manufacturing	66.87		Investment
Sichuan Hongmei Intelligent Technology Co., Ltd. 2)	Mianyang	Mianyang	Software development		100.00	Investment
Mianyang Meiling Refrigeration Co., Ltd.3)	Mianyang	Mianyang	R&D and manufacturing	95.00	5.00	Investment
Jiangxi Meiling Electric Appliance Co., Ltd. 4)	Jingdezhen	Jingdezhen	R&D and manufacturing	98.75	1.25	Investment
Hefei Meiling Electric 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
Jinan Xiangyou Electric Marketing Co., Ltd. 7)	Jinan	Jinan	Sales		91.40	Investment
Wuhan Meizirong Electric Marketing Co., Ltd.8)	Wuhan	Wuhan	Sales		91.00	Investment
Zhengzhou Meiling Electric Marketing Co., Ltd.9)	Zhengzhou	Zhengzhou	Sales		100.00	Investment
Chengdu Meiling Electric Marketing Co., Ltd.10)	Chengdu	Chengdu	Sales		96.00	Investment
Fuzhou Meiling Electric Marketing Co., Ltd.11)	Fuzhou	Fuzhou	Sales		100.00	Investment
Nanjing Meiling Electric Marketing Co., Ltd.12)	Nanjing	Nanjing	Sales		100.00	Investment
Taiyuan Meiling Electric Marketing Co., Ltd.13)	Taiyuan	Taiyuan	Sales		100.00	Investment
Changsha Meiling Electric Marketing Co., Ltd.14)	Changsha	Changsha	Sales		97.00	Investment
Hangzhou Meiling Electric Marketing Co., Ltd.15)	Hangzhou	Hangzhou	Sales		100.00	Investment
Shanghai Meiling Electric Marketing Co.,	Shanghai	Shanghai	Sales		99.00	Investment

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Subsidiary	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
				Directly	Indirectly	
Ltd.16)						
Guangzhou Meiling Electric Marketing Co., Ltd.17)	Guangzhou	Guangzhou	Sales		98.00	Investment
Tianjin Meiling Electric Marketing Co., Ltd.18)	Tianjin	Tianjin	Sales		100.00	Investment
Beijing Meiling Electric Marketing Co., Ltd.19)	Beijing	Beijing	Sales		100.00	Investment
Hefei Meiling Nonferrous Metal Products Co., Ltd20)	Hefei	Hefei	R&D and manufacturing		100.00	Enterprise combined under the different control
Guangdong Changhong Ridian Technology Co., Ltd.21)	Zhongshan	Zhongshan	R&D and manufacturing	98.855		Enterprise combined under the same control
Changmei Technology Co., Ltd. 22)	Mianyang	Mianyang	Sales	96.256		Investment
CHANGHONG MEILING ELECTRIC INDONESIA, PT 23)	Jakapta	Jakapta	Sales		100.00	Investment
ChanghongRubaTradingCompany (Private) Limited 24)	Pakistan	Pakistan	Sales		60.00	Investment
Sichuan Changhong Air-conditioner Co., Ltd. 25)	Mianyang	Mianyang	R&D and manufacturing	100.00		Enterprise combined under the same control
Zhongshan Changhong Electric Co., Ltd.26)	Zhongshan	Zhongshan	R&D and manufacturing	90.00	10.00	Enterprise combined under the same control
Hefei Meiling Group Holdings Limited27)	Hefei	Hefei	R&D and manufacturing	100.00		Enterprise combined under the different control
Meiling Equator Household Appliance (Hefei) Co., Ltd28)	Hefei	Hefei	R&D and manufacturing		100.00	Enterprise combined under the different control
Hefei Equator Appliance Co., Ltd.29)	Hefei	Hefei	R&D and manufacturing		100.00	Enterprise combined under the different control
Hongyuan Ground Energy Heat Pump Tech. Co., Ltd.30)	Mianyang	Mianyang	R&D and manufacturing		51.00	Investment
Hongyuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd31)	Zhongshan	Zhongshan	R&D and manufacturing		51.00	Investment
Meiling CANDY Washing Machine Co., Ltd. 32)	Hefei	Hefei	R&D and manufacturing	60.00		Investment
Guangzhou Changhong Trading Co., Ltd.33)	Guangzhou	Guangzhou	Sales		100.00	Investment
Zhongshan Hongling Trading Co.,	Zhongshan	Zhongshan	Sales		98.855	Investment

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Subsidiary	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
				Directly	Indirectly	
Ltd.34)						
Hebei Hongmao Household Appliance Technology Co., Ltd35)	Handan	Handan	R&D and manufacturing		98.855	Investment
Hefei Meiling Wulian Technology Co., Ltd. 36)	Hefei	Hefei	R&D	100.00		Investment
Anhui Tuoxing Technology Co., Ltd.37)	Hefei	Hefei	R&D and manufacturing		66.87	Investment

Note:

1) Zhongke Meiling Cryogenic Technology Co., Ltd. (hereinafter referred to as Zhongke Meiling), the predecessor of which was Zhongke Meiling Cryogenic 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 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 Cryogenic Technology Company Limited to its wholly-owned subsidiary Zhongke Xianxing (Beijing) Assets Management Co., Ltd (hereinafter referred to as Zhongke Xianxing) which would perform management over the operating assets of TIPC. Upon consideration and approval at the 37th session 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 Cryogenic Technology Company Limited, pursuant to which, they decided to change the firm type of Zhongke Meiling Cryogenic 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 Cryogenic Technology Co., Ltd. in 2016 considered and approved the Proposal on the Issuance Plan of the Company; Zhongke Meiling Company issued

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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%.

On 15 September 2017, the Proposal of the First Stock Placement of Zhongke Meiling Cryogenic Technology Co., Ltd for year of 2017 was deliberated and approved by 4th session extraordinary of shareholders general meeting of 2017. Zhongke Meiling offering 490,300 shares to specific investors by way of privately placement, which has 1.72 Yuan per share in amount. The capital increasement has been verified by the No. ［XYZH/2017CDA40324］capital verification report issued by ShineWing CPA (special general partnership). After the completion of shares placement, stock of the Company increased to 68,640,300 shares and 66.87% held by the Company.

2) Sichuan Hongmei Intelligent Technology Co., Ltd. (hereinafter referred to as Hongmei Intelligent) 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 Changhong 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 Hongmei Intelligent, held by the Company has transferred to Sichuan Changhong AC Co., Ltd., after transferred, Changhong AC has 99% equity of Hongmei Intelligent, the Company has no shares of Hongmei Intelligent directly.

3) Mianyang Meiling Refrigeration Co., Ltd. (hereinafter referred to as Mianyang Meiling), 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 were 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 Electric Appliance Co., Ld, than 5 percent equity was transfer to Jiangxi Meiling Electric Appliance.

4) Jiangxi Meiling Electric Appliance Co., Ltd. (hereinafter referred to as Jiangxi Meiling Electric Appliance) 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.

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5) Hefei Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Meiling Marketing) is the limited company jointly invested by the Company and Mianyang Meiling Company on 21 Oct. 2009. Registered capital and paid-up capital were 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 has 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. 6) Guangxi Huidian Home Appliance Co., Ltd. (hereinafter referred to as Guangxi Huidian) 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 Huidian as a whole.

7) Jinan Xiangyou Electric Marketing Co., Ltd. (hereinafter referred to as Jinan Xiangyou) 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 Xiangyou.

8) Wuhan Meizirong Electric Marketing Co., Ltd. (hereinafter referred to as Wuhan Meizirong) 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.

9) Zhengzhou Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Zhengzhou Meiling) 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; and after acquiring 5% equity from minority in 2017, Meiling Marketing totally holds 100% equity of Zhengzhou Meiling.

10) Chengdu Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Chengdu Meiling) was established dated 26 January 2011 with registered capital of RMB 5 million; Meiling Marketing invested RMB 4.17 million, accounted for 83.4% of the registered capital; After Meiling Marketing purchased 9% equity from minority in 2015, purchased 0.8% equity from minority in 2016, and purchased 1.2% equity from minority in 2018, Meiling Marketing totally holds 96% equity of Chengdu Meiling.

11) Fuzhou Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Fuzhou Meiling) 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; in 2017, after acquiring 1% equity from the minority, Meiling Marketing holds 100% equity of Fuzhou Meiling in total.

12) Nanjing Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Nanjing Meiling) 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

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capital; in 2017, after acquiring 1% equity from the minority, Meiling Marketing holds 100% equity of Nanjing Meiling in total.

13) Taiyuan Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Taiyuan Meiling) 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, after purchased 14.75% equity from minority in 2016, Meiling Marketing totally holds 100% equity of the Taiyuan Meiling.

14) Changsha Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Changsha Meiling) 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 purchased 11% equity from minority in 2016, Meiling Marketing totally holds 97% equity of Changsha Meiling

15) Hangzhou Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Hangzhou Meiling) 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 transfer 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; in 2017, after acquiring 5% equity from the minority, Meiling Marketing holds 100% equity of Hangzhou Meiling in total.

16) Shanghai Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Shanghai Meiling) 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.

17) Guangzhou Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Guangzhou Meiling) was established dated 13 May 2011 with registered capital of 5 million Yuan; Meiling Marketing invested 4.3 million Yuan, 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.

18) Tianjin Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Tianjin Meiling) was established dated 2 March 2011 with registered capital of 3 million Yuan; Meiling Marketing invested 2.565 million Yuan, 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 transfers the 14.1% and 0.4% equity interests of Tianjin Meiling held by minority shareholders. Upon completion of equity transfer in December 2015, Meiling Marketing totally held the entire equity interests of Tianjin Meiling.

19) Beijing Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Beijing Meiling) was established dated 28 March 2011 with registered capital of 3 million Yuan; Meiling Marketing invested 2.97 million Yuan, accounted for 99% of the registered capital; in 2017, after acquiring 1% equity from the minority shareholders, Meiling Marketing holds 100% equity of the Beijing Meiling in total.

20) Hefei Meiling Nonferrous Metal Products Co., Ltd. (hereinafter referred to as 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 [WJMWFZZ (1996) No.349] of Foreign Trade and Economic Committee of Anhui Province. Its registered capital was US$ 2.92 million upon establishment, of which, original Meiling Group invested US$ 1.46 million (monetary capital), accounting 50% of the registered capital, Hefei Meiling Copper Co., Ltd invested US$ 0.584 million

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(monetary capital of RMB 0.18 million and real assets of US$ 0.404 million), accounting 20% of registered capital while Singapore Kim Shin Development Co., Ltd invested US$ 0.876 million (monetary capital), accounting 30% of the registered capital. The above mentioned investment verified by the verification report of [HSWZ (1995) No. 0737], [HSWZ (1996) No. 328] and [HSWZ (1998) No. 088] from Anhui CPAs Co., Ltd. In July 2008, approved by [HWS (2008) No.53] from Foreign Trade Economic Cooperation Bureau of Hefei City, 30% equity and 20% equity held by Singapore Kim Shin Development Co., Ltd and Hefei Meiling Copper Co., Ltd respectively transferred to original Meiling Group Totally. The Company's register capital came into RMB 24,286,808.00 after transference, and was not the joint-venture any more.

21) Guangdong Changhong Ridian Technology Co., Ltd. (hereinafter referred to as Changhong Ridian) 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]. Changhong Ridian 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 Venture 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 Venture 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, seven natural person shareholders transferred total 0.76% stock rights to Hu Zhiheng, after the transfer, the registered capital of Changhong Ridian 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 Venture 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, Changhong Ridian 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 Changhong Ridian's registered capital to Sichuan Changhong Venture Investment Co., Ltd at the cost of 317,802 Yuan. The other shareholders of the Changhong Ridian waived the right of pre-emption. On December 11, 2014, Changhong Ridian 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 capital to Sichuan Changhong Electric Co., Ltd. at the cost of 43,977,300 Yuan. The other shareholders of the Changhong Ridian 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 Venture 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%.

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On 4 January 2016, Sichuan Changhong and Sichuan Changhong Venture Investment Co., Ltd. transferred total 98.855% equity of the Changhong Ridian to the Company. After the transfer, the Company directly holds 98.855% stock rights of Changhong Ridian.

22) Changmei Technology Co., Ltd. (hereinafter referred to as Changmei Technology) 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. In accordance with the Article of Association, registered capital of Changmei Technology was 50 million Yuan, including 48.128 million Yuan contributed by the Company in cash, a 96.256% in the contribution capital, the management team contribute 1.872 million Yuan in cash, a 3.744% in contribution capital.

23) CHANGHONG MEILING ELECTRIC INDONESIA, PT.(hereinafter referred to as Indonesia Changhong) 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. On 4 July 2017, rests of the 2.94 million US dollars are subscribed by Zhongshan Changhong in line with the agreement.

24) Changhong Ruba Trading Company (Private) Limited (hereinafter referred to as 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 which Zhongshan Changhong Home Appliances Company Limited 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%.

25) Sichuan Changhong Air Conditioner Co., Ltd.(hereinafter referred to as Changhong Air Conditioner), 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. In 2017, the Company increased capital of 650 million Yuan to Changhong Air Conditioner, after capital increased, registered capital of Sichuan Changhong comes to 850 million Yuan from 200 million Yuan, shareholding still counted as 100%.

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26) Zhongshan Changhong Electric Co., LTD (hereinafter referred to as 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 biding 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; Chine 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.

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

28) Meiling Equator Household Appliance (Hefei) Co., Ltd.(hereinafter referred to as Equator Household Appliance) 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.

29) Hefei Equator Appliance Co., Ltd.(hereinafter referred to as 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 8,670,600 Yuan in monetary capital, accounting 72.255% in registered capital; Equator Appliance invested 3,329,400

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Yuan 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.

30) Hongyuan Ground Energy Heat Pump Technology Co., Ltd(hereinafter referred to as Hongyuan Ground Energy) was established on 28 August 2015, it is a limited liability company authorized by Administration for Industry and Commerce of Peicheng District, Mianyang, Sichuan, contributed by Sichuan Changhong Air Conditioner Co., Ltd (hereinafter referred to as Changhong Air Conditioner) and Hengyouyuan Technology Development Group Co., Ltd. together. Registered capital amounted as 50 million Yuan, including 25.5 million Yuan contributed by Changhong Air Conditioner in cash, a 51% in total registered capital; Hengyouyuan Technology Development Group Co., Ltd. invested 24.5 million Yuan in cash, a 49% in registered capital.

31) Hongyuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.(hereinafter referred to as Hongyuan Zhongshan) was established and invested on 18 July 2017 with registered capital of 15 million Yuan, The Hongyuan Ground Energy Heat Pump Tech. Co., Ltd contributed 1.5 million Yuan with own funds and takes 100% in the registered capital.In 2018, the shareholdes of the Hongyuan Zhongshan decided to increase capital of 30 million Yuan, and contributed by the shareholder Hongyuan Ground Energy; thus registered capital of Hongyuan Zhongshan up to 45 million Yuan

32) Meiling Candy Washing Machine Co., Ltd. (hereinafter referred to as Meiling Candy) was established and registered on 27 April 2017, which was contributed by the Company and Candy Hoover Group S.r.l. together. Registered capital counted as 150 million Yuan, including 90 million Yuan invested by the Company, a 60% in registered capital.

33) Guangzhou Changhong Trading Co., Ltd. (hereinafter referred to as Changhong Trading) was established on 6 Jan. 2017, the wholly-owned subsidiary of Zhongshan Changhong Electric Co., LTD (hereinafter referred to as Zhongshan Changhong) with registered capital of one million Yuan

34) Zhongshan Hongling Trading Co., Ltd. (hereinafter referred to as Hongling Trading) was established on 5 December 2016 with registered capital of one hundred million Yuan. The Guangdong Changhong Ridian Technology Co., Ltd. contributed one hundred million Yuan with own funds and takes 100% in the registered capital.

35) Hebei Hongmao Household Appliance Technology Co., Ltd (hereinafter referred to as Hebei Hongmao) was established on 21 July 2017 with registered capital of 5 million Yuan. Guangdong Changhong Ridian Technology Co., Ltd. invested 5 million Yuan by own fund and takes 100% in registered capital.

36) Hefei Meiling Wulian Technology Co., Ltd. (hereinafter referred to as Wulian Technology) was established on 21 January 2019 with registered capital of 10 million Yuan and it is the subsidiary of the Company with fully-owned establishment.

37) Anhui Tuoxing Technology Co., Ltd. (hereinafter referred to as Tuoxing Technology) was established on 20 May 2019 with registered capital of 10 million Yuan and it is the subsidiary of Zhongke Meiling with fully-owned establishment.

(2) Major non-wholly-owned subsidiary

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Subsidiary	Shareholding ratio of minority	Gains/losses attributable to minority in the year	Dividend distributed to minority announced in the year	Balance of minority's interest at period-end
Meiling CANDY	40.00%	-4,817,932.22		31,680,823.86
Changmei Technology	3.744%	-121,509.06		296,907.95
Zhongke Meiling	33.13%	2,023,652.97	-2,274,030.00	44,993,322.30
Hongyuan Ground Energy	49.00%	-6,206,806.33		10,892,558.56
Changhong Ridian	1.14%	94,581.90		1,650,842.13

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

Subsidiary	Ending balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Meiling CANDY	142,439,140.12	599,160.77	143,038,300.89	56,479,416.49	7,356,824.76	63,836,241.25
Changmei Technology	3,044,417.67	8,694,278.47	11,738,696.14	3,239,570.44	568,892.01	3,808,462.45
Zhongke Meiling	138,694,824.19	129,058,195.89	267,753,020.08	124,553,780.06	7,389,460.00	131,943,240.06
Hongyuan Ground Energy	85,155,539.48	30,601,669.45	115,757,208.93	89,824,223.94	3,703,273.65	93,527,497.59
Changhong Ridian	328,968,828.53	56,745,737.60	385,714,566.13	241,290,111.49	192,983.61	241,483,095.10

(Continued)

Subsidiary	Opening balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Meiling CANDY	208,581,384.55	633,265.82	209,214,650.37	111,545,406.70	6,422,353.48	117,967,760.18
Changmei Technology	8,495,444.28	12,071,248.03	20,566,692.31	8,889,062.92	501,961.24	9,391,024.16
Zhongke Meiling	147,151,433.04	128,385,679.37	275,537,112.41	132,039,203.60	6,932,380.00	138,971,583.60
Hongyuan Ground Energy	153,229,031.96	34,694,234.27	187,923,266.23	148,809,162.62	4,217,440.58	153,026,603.20
Changhong	307,951,618.55	59,236,288.32	367,187,906.87	231,048,365.86	171,540.98	231,219,906.84

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Subsidiary	Opening balance					
Ridian						

(Continued)

Subsidiary	Current amount			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Meiling CANDY	202,748,512.94	-12,044,830.55	-12,044,830.55	-19,338,158.67
Changmei Technology	8,371,432.27	-3,245,434.46	-3,245,434.46	-3,850,631.51
Zhongke Meiling	104,654,118.52	6,108,281.21	6,108,281.21	14,717,867.84
Hongyuan Ground Energy	161,373,764.24	-12,666,951.69	-12,666,951.69	-13,509,130.08
Changhong Ridian	284,981,563.96	8,263,471.00	8,263,471.00	17,513,052.52

(Continued)

Subsidiary	Same period last year			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Meiling CANDY	220,332,390.00	-1,288,510.69	-1,288,510.69	-31,571,697.09
Changmei Technology	12,649,299.45	-6,659,447.77	-6,659,447.77	-10,788,285.42
Zhongke Meiling	82,033,715.77	5,790,135.62	5,790,135.62	8,535,856.15
Hongyuan Ground Energy	237,936,886.52	-2,173,347.01	-2,173,347.01	33,553,754.40
Changhong Ridian	254,072,080.05	7,724,351.48	7,724,351.48	2,852,509.78

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

(3) 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: nil

3. Equity in joint venture or associate enterprise

(1) Major joint venture or associate enterprise

Joint venture or associate enterprise	Main office place	Registration place	Business nature	Shareholding ratio (%)		Accounting treatment for investment of joint venture or associate enterprise
				Directly	Indirectly	
Associate enterprise:						
1.Changhong Ruba Electric Company (Private)Ltd.	Lahore, Pakistan	Lahore	R&D and manufacturing		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 Ground Energy Heat Tech. Co., Ltd.	Mianyang	Mianyang	R & D, sales, after-sales		49.00	Equity
5.Sichuan Tianyou Guigu Technology Co., Ltd	Mianyang	Mianyang	R&D and manufacturing		25.00	Equity
6.Chengdu Guigu Environmental Tech. Co., Ltd.	Chengdu	Chengdu	R&D, manufacturing and sales		25.00	Equity

(2) Financial information for major Joint venture: Nil

(3) Financial information for associate enterprise

Item	Ending balance/Current amount					
	Changhong Ruba Electric Company (Private)Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hongyuan Ground Energy Heat Tech. Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd	Chengdu Guigu Environmental Tech. Co., Ltd.
Current assets	102,081,181.80	2,148,209.46	2,927,385,121.47	55,304,868.70	21,588,509.76	31,905,416.88
Including: cash and cash equivalent	2,903,553.99	2,041,006.20	1,901,758,014.73	719,380.02	4,857,809.70	969,157.76

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Non-current assets	51,475,772.77	17,670,075.76	9,097,659.16	14,286,659.02	14,514,996.98	14,973,524.68
Total assets	153,556,954.57	19,818,285.22	2,936,482,780.63	69,591,527.72	36,103,506.74	46,878,941.56
Current liability	144,033,275.72	1,276,395.16	2,884,048,555.28	22,229,071.99	10,410,585.01	24,134,660.20
Non-current liability			968,420.00			
Total liabilities	144,033,275.72	1,276,395.16	2,885,016,975.28	22,229,071.99	10,410,585.01	24,134,660.20
Minority's interest						1,094,706.25
Equity attributable to shareholder of parent company	9,523,678.85	18,541,890.06	51,465,805.35	47,362,455.73	25,692,921.73	21,649,575.11
Share of net assets measured by shareholding ratio	5,610,460.96	8,952,024.52	15,439,741.60	23,207,603.31	6,423,230.43	5,412,393.78
Adjustment						
--Goodwill						3,887,027.34
Unrealized profit of the internal downstream transactions	4,622,067.77		6,541,061.79	2,139.64	4,691.98	40,412.33
Unrealized profit of the internal upstream transactions						
Other						
Book value of the equity investment for associate enterprise	988,393.19	8,952,024.52	8,898,679.81	23,205,463.67	6,418,538.45	9,259,008.79
Fair value of equity investment for the associate with consideration publicly						
Operation income	162,916,496.00		2,430,211,379.62	16,939,634.90	-290,705.70	22,927,852.35
Financial expenses	24,206,842.56	-3,153.87	5,617,886.35	-788.08	-163,651.65	89,217.31
Income tax expenses						
Net profit	-18,627,283.09	-969,500.31	-9,710,951.08	115,981.57	-2,769,666.72	403,485.31
Net profit of discontinuing operation						
Other comprehensive income	-4,412,343.03					
Total comprehensive income	-23,039,626.12	-969,500.31	-9,710,951.08	115,981.57	-2,769,666.72	403,485.31
Dividend received from associate enterprise in the						

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period						

(Continued)

Item	Opening balance/Same period last year					
	Changhong Ruba Electric Company (Private)Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hongyuan Ground Energy Heat Tech. Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd	Chengdu Guigu Environmental Tech. Co., Ltd.
Current assets	91,897,615.22	2,675,645.87	2,183,231,308.63	58,433,074.33	21,327,002.48	14,543,169.26
Including: cash and cash equivalent	2,226,184.18	2,568,442.61	1,051,202,920.87	1,874,763.97	14,337,275.36	2,753,804.68
Non-current assets	61,362,584.22	18,201,870.67	9,053,276.55	15,117,799.85	17,218,667.66	15,241,625.80
Total assets	153,260,199.44	20,877,516.54	2,192,284,585.18	73,550,874.18	38,545,670.14	29,784,795.06
Current liability	122,588,154.92	1,366,126.17	2,151,196,374.07	26,304,400.02	10,083,081.69	8,538,705.26
Non-current liability			685,260.00			
Total liabilities	122,588,154.92	1,366,126.17	2,151,881,634.07	26,304,400.02	10,083,081.69	8,538,705.26
Minority's interest						
Equity attributable to shareholder of parent company	30,672,044.52	19,511,390.37	59,346,621.88	47,246,474.16	28,462,588.45	21,246,089.80
Share of net assets measured by shareholding ratio	14,069,807.22	9,420,099.27	17,803,986.55	23,150,772.34	7,115,647.11	5,311,522.45
Adjustment						
--Goodwill						3,887,027.34
Unrealized profit of the internal downstream transactions	5,020,111.59		8,138,518.55	1,835.80	4,693.04	41,161.52
Unrealized profit of the internal upstream transactions						
Other						
Book value of the equity investment for associate enterprise	9,049,695.63	9,420,099.27	9,665,468.00	23,148,936.54	7,110,954.07	9,157,388.27
Fair value of equity investment for the associate with consideration publicly						
Operation income	108,486,469.02	13,454.00	2,102,672,512.79	55,129.17	68,743.85	8,860,955.70
Financial expenses	148,651.36	-4,326.72	-2,422,144.62	94,543.32	-243,473.35	-61,892.19
Income tax expenses			2,263,914.85	-13,602.01		
Net profit	-14,531,567.08	-1,777,347.04	9,824,418.82	-2,441,068.96	-2,816,097.00	-3,492,639.55

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Net profit of discontinuing operation						
Other comprehensive income	-5,900,632.03					
Total comprehensive income	-20,432,199.11	-1,777,347.04	9,824,418.85	-2,441,068.96	-2,816,097.00	-3,492,639.55
Dividend received from associate enterprise in the period						

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

Item	Ending balance / Current amount	Opening balance / Last period
Associate enterprise:		
Total book value of investment		
Total amount measured by shareholding ratio		
--Net profit	**-144,198.04**	**-305,913.15**
--Other comprehensive income		
--Total comprehensive income	**-144,198.04**	**-305,913.15**

(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 payable, tradable financial assets, tradable financial liability, the details of which are set out in Note VI. 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 entered into several forward exchange contracts with banks. Fair value of the forward exchange contract which has been recognized as derivative financial instrument 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.

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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 2019, the interest-bearing debts mainly referred to borrowing contracts at floating rate denominated in RMB with total amount of 1,591,483,254.73 Yuan, the floating rate contract denominated in Rupee is converted into RMB 31,606,729.90, and the fixed-rate contracts denominated in US dollars are converted into RMB 487,874,215.64. 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 disclosure

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

Item	Fair value at period-end			
	1st level	2nd level	3rd level	Total
Tradable financial assets				
1. Financial assets measured by fair value and with variation reckoned into current gains/losses		2,703,222.18		2,703,222.18
Including: Derivative financial assets		2,703,222.18		2,703,222.18
Tradable financial liability				
Including: Derivative financial liability		45,676,424.26		45,676,424.26

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	Registration place	Business nature	Registered capital	Share-holding ratio in the Company	Voting rights ratio in the Company
Sichuan Changhong Electric Co., Ltd.	Mianyang	Manufacture and sales	4,616,244,222	26.98%	26.98%

Sichuan Changhong Electronics Holding Group Co., Ltd. is the controlling shareholder of Sichuan Changhong Electric Co., Ltd, 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	Current increased	Current decreased	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 period-begin
Sichuan Changhong Electric Co., Ltd.	281,832,434.00	279,200,104.00	26.98%	26.73%

2. Subsidiary

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

3. Joint venture and associated enterprise

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

Joint venture and associated enterprise	Relationship with the company
Hefei Meiling Solar Energy Technology Co., Ltd.	Associated enterprise of subsidiary Meiling Group
Changhong Ruba Electric Company (Private)Ltd.	Associated enterprise of subsidiary Zhongshan Changhong
Hefei Xingmei Assets Management Co., Ltd.	Associated enterprise of the Company
Sichuan Zhiyijia Network Technology Co., Ltd.	Associated enterprise of the Company, has the same controlling shareholder and actual control of the Company
Hongyuan Ground Energy Heat Tech. Co., Ltd.	Associated enterprise of subsidiary Changhong Air-conditioner
Sichuan Tianyou Guigu Technology Co., Ltd	Associated enterprise of subsidiary Changhong Air-conditioner
Chengdu Guigu Environmental Tech. Co., Ltd.	Associated enterprise of subsidiary Changhong Air-conditioner

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4. Other related party

Other related party	Relationship with the company
Changhong Huayi Compressor 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 Jijia Fine 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 Precision Electronics Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong New Energy Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
081 Electronic Group	Control by same controlling shareholder and ultimate controller
Guangdong Changhong Electronics Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongwei Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Jiahong Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Power 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 Electronic Products Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Ailian Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Hunan Grand-Pro Intelligent Tech. Company	Control by same controlling shareholder and ultimate controller
Sichuan Aichuang Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Minsheng Logistic Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongxin Software 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 Agency 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 Network Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Hefei Changhong New Energy Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Lejiayi Chain Management Co., Ltd.	Control by same controlling shareholder and ultimate controller
PT.CHANGHONGELECTRICINDONESIA	Control by same controlling shareholder and ultimate controller
CHANGHONG(HK)TRADINGLIMITED	Control by same controlling shareholder and ultimate controller
CHANGHONGELECTRIC(AUSTRALIA)	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Device Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Hefei Changhong Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller

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Other related party	Relationship with the company
Sichuan Changhong Property Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Wisdom Health Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
BVCH Optronics (Sichuan) 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 Education Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guangyuan Changhong Electronic Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Orion.PDP.Co.,ltd	Control by same controlling shareholder and ultimate controller
CHANGHONG ELECTRIC MIDDLE EAST FZCO	Control by same controlling shareholder and ultimate controller
Chengdu Changhong Electronic 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 Changhong Electronic System Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Huanyu Industrial Co. Ltd.	Control by same controlling shareholder and ultimate controller
Mianyang Science & Technology City Big Data Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Changhong Shundatong Tech. Development Co., Ltd.	Control by same controlling shareholder and ultimate controller
Changhong Europe Electric s.r.o	Control by same controlling shareholder and ultimate controller
Shenzhen YijEn Technology 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
Sichuan Changhong Jineng Sunshine Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Mianyang Huafeng Interconnection Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Yuanxin Financial Leasing Co., Ltd	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Venture Investment Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongyu Metal Manufacturing Co., Ltd.	Associated enterprise of controlling shareholder
Sichuan Changxin Refrigeration Parts Co., Ltd.	Associated enterprise of controlling shareholder
Mianyang Haili Electric Co., Ltd.	Associated enterprise of controlling shareholder
Sichuan Hongran Green Energy Co., Ltd.	Associated enterprise of controlling shareholder
Beijing Changhong Tech. Co. Ltd,	Subsidiary of the associated enterprise of controlling shareholder
Sichuan Yunyou Internet Technology Co., Ltd.	Associated enterprise of the subsidiary of controlling shareholder

(ii) Related transactions

1. Purchasing commodity

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Related party	Content	Current amount (in 10 thousand Yuan)	Last period (in 10 thousand Yuan)
Sichuan Changhong Electric Co., Ltd.	Purchasing commodity	18,083.03	17,152.85
Changhong Huayi Compressor Co., Ltd.	Purchasing commodity	20,599.19	29,967.62
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Purchasing commodity	38,909.02	42,545.85
Sichuan Changhong Jijia Fine Co., Ltd.	Purchasing commodity	17,967.00	20,351.17
Sichuan Changhong Package Printing Co., Ltd.	Purchasing commodity	6,539.21	7,295.70
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Purchasing commodity	1,030.50	5,357.47
Sichuan Changhong New Energy Technology Co., Ltd.	Purchasing commodity	0.59	3.59
081 Electronic Group	Purchasing commodity	95.04	135.62
Guangdong Changhong Electronics Co., Ltd.	Purchasing commodity	120.45	176.79
Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	Purchasing commodity	16.10	8.98
Sichuan Changhong Device Tech. Co., Ltd.	Purchasing commodity		1,933.86
Sichuan Hongwei Technology Co., Ltd.	Purchasing commodity	168.36	
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing commodity	23.61	13.16
Sichuan Changhong Power Co., Ltd.	Purchasing commodity	0.30	
Sichuan Changhong Electronic Products Co., Ltd.	Purchasing commodity	2,014.78	
Sichuan Ailian Technology Co., Ltd.	Purchasing commodity	1,175.20	599.81
Hunan Grand-Pro Intelligent Tech. Company	Purchasing commodity	221.15	156.25
Sichuan Aichuang Technology Co., Ltd.	Purchasing commodity	4,175.90	251.51

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Related party	Content	Current amount (in 10 thousand Yuan)	Last period (in 10 thousand Yuan)
Sichuan Hongyu Metal Manufacturing Co., Ltd.	Purchasing commodity		127.32
Sichuan Changxin Refrigeration Parts Co., Ltd.	Purchasing commodity	25,519.21	23,907.65
Mianyang Highly Electric Co., Ltd.	Purchasing commodity	15,545.66	27,630.17
Changhong Ruba Electric Company (Private) Ltd.	Purchasing commodity	12,020.14	13,992.75
Sichuan Tianyou Guigu Technology Co., Ltd	Purchasing commodity	-29.26	
Sichuan Changhe Technology Co., Ltd.	Purchasing commodity		378.56
Chengdu Guigu Environmental Tech. Co., Ltd.	Purchasing commodity	6.46	1.51
Total		**164,201.64**	**191,988.19**

2.Accept the labor services

Related party	Content	Current amount	Last period
Sichuan Changhong Electronics Holding Group Co., Ltd.	Accept the labor services	355,937.03	73,759.20
Sichuan Changhong Electric Co., Ltd.	Accept the labor services	5,194,850.47	6,230,336.42
Sichuan Changhong Minsheng Logistic Co., Ltd.	Accept the labor services	234,971,186.87	230,280,688.77
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Accept the labor services	82,518.41	
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Accept the labor services	60,542,230.02	88,220,509.41
Sichuan Hongxin Software Co., Ltd.	Accept the labor services	560,220.75	253,637.73
Guangdong Changhong Electronics Co., Ltd.	Accept the labor services	269,770.19	277,345.05
Sichuan Jiahong Industrial Co., Ltd.	Accept the labor services	59,318.00	162,557.42
Sichuan Changhong International Hotel Co., Ltd.	Accept the labor services	88,864.48	221,616.95

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Sichuan Changhong International Agency Co., Ltd	Accept the labor services	226,778.81	90,299.48
Sichuan Changhong Property Service Co., Ltd.	Accept the labor services	1,835,408.94	421,191.81
Sichuan Hongwei Technology Co., Ltd.	Accept the labor services	106,473.57	358,990.56
Sichuan Zhiyijia Network Technology Co., Ltd.	Accept the labor services	9,004,733.41	4,179,468.03
Sichuan Changhong Network Technology Co., Ltd.	Accept the labor services	24,474.11	34,977.69
Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	Accept the labor services	900,754.83	30,683.76
Sichuan Changhong Jijia Fine Co., Ltd.	Accept the labor services	25,195.83	
Sichuan Changhong Jiahua Information Products Co., Ltd	Accept the labor services		6,037.74
Sichuan Changhong Electronic Products Co., Ltd.	Accept the labor services	450,488.09	
Chengdu HOPE Testing Tech. Co. Ltd.	Accept the labor services		7,566.04
Total		**314,699,203.81**	**330,849,666.06**

3.Purchase fuel and power

Related party	Content	Current amount	Last period
Sichuan Changhong Electric Co., Ltd.	Fuel and power accepted	10,300,048.70	8,804,002.78
Changhong Huayi Compressor Co., Ltd.	Fuel and power accepted	383,150.11	291,471.19
Guangdong Changhong Electronics Co., Ltd.	Fuel and power accepted	501,569.74	674,472.29
Hefei Changhong New Energy Technology Co., Ltd.	Fuel and power accepted	147,179.16	144,943.25
Sichuan Changhong Property Service Co., Ltd.	Fuel and power accepted	9,849.75	7,545.29
Sichuan Hongran Green Energy Co., Ltd.	Fuel and power accepted	708,567.36	
Total		**12,050,364.82**	**9,922,434.80**

4. Sales of goods/provide labor service

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Related party	Content	Current amount (in 10 thousand Yuan)	Last period (in 10 thousand Yuan)
Sichuan Changhong Electric Co., Ltd.	Sales of goods	623.87	3,695.69
Sichuan Changhong Electronics Holding Group Co., Ltd.	Sales of goods	31.91	67.87
Sichuan Changhong Jijia Fine Co., Ltd.	Sales of goods	2,698.81	3,973.51
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Sales of goods	10,882.50	8,310.71
Lejiayi Chain Management Co., Ltd.	Sales of goods	3,428.75	981.20
PT.CHANGHONG ELECTRIC INDONESIA	Sales of goods	381.52	54.76
CHANGHONG(HK)TRADING LIMITED	Sales of goods	19,688.72	18,132.40
CHANGHONG ELECTRIC(AUSTRALIA)	Sales of goods	1,712.51	667.34
Sichuan Hongwei Technology Co., Ltd.	Sales of goods	0.76	12.09
Sichuan Changhong Device Tech. Co., Ltd.	Sales of goods	49.93	16.53
Sichuan Changhong Minsheng Logistic Co., Ltd.	Sales of goods	88.66	151.60
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Sales of goods	330.81	771.61
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Sales of goods	444.60	1,077.63
Hefei Changhong Industrial Co., Ltd.	Sales of goods	111.05	137.04
Sichuan Huafeng Corp. Group	Sales of goods		18.58
Sichuan Zhiyijia Network Technology Co., Ltd.	Sales of goods	105,495.05	132,164.21
Sichuan Changhong Property Co., Ltd.	Sales of goods/provide labor service	157.86	86.52
Sichuan Changhong Network Technology Co., Ltd.	Sales of goods	0.10	21.23
Sichuan Changhong Wisdom Health Tech. Co., Ltd.	Sales of goods	0.44	0.84
Sichuan Changhong Property Service Co., Ltd.	Sales of goods	4.60	1.94
Guangdong Changhong Electronics Co., Ltd.	Sales of goods	1.72	
Sichuan Huanyu Industrial Co. Ltd.	Sales of goods		14.62
Mianyang Science & Technology City Big Data Tech. Co., Ltd.	provide labor service		0.16
BVCH Optronics (Sichuan) Co., Ltd.	Sales of goods	0.68	7.02
Sichuan Changhong Electronic Products Co., Ltd.	Sales of goods	8.22	
Sichuan Changhong Group Finance Co., Ltd.	Sales of goods	1.84	2.23
Changhong Huayi Compressor Co., Ltd.	Sales of goods/provide labor service	37.85	12.00
Sichuan Changhong Package Printing Co., Ltd.	Sales of goods	0.35	2.20
Sichuan Changhong Power Co., Ltd.	Sales of goods	4.41	9.36

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Related party	Content	Current amount (in 10 thousand Yuan)	Last period (in 10 thousand Yuan)
Sichuan Changhong Education Technology Co., Ltd.	Sales of goods	70.86	56.17
081 Electronic Group	Sales of goods	1.72	
Guangyuan Changhong Electronic Technology Co., Ltd.	Sales of goods	63.28	77.09
Sichuan Ailian Technology Co., Ltd.	Sales of goods	2.09	12.50
Sichuan Changhong Venture Investment Co., Ltd.	Sales of goods		0.17
Sichuan Changhong Jineng Sunshine Technology Co., Ltd.	Sales of goods		2.02
Sichuan Changhong Electronics Tech. Co., Ltd.	Sales of goods		0.80
Sichuan Hongxin Software Co., Ltd.	Sales of goods		3.80
Sichuan Hongcheng Real Estate Co., Ltd.	Sales of goods		9.46
Sichuan Jiahong Industrial Co., Ltd.	Sales of goods	13.87	
Sichuan Changhong New Energy Technology Co., Ltd.	provide labor service	3.06	2.61
Sichuan Changhong International Hotel Co., Ltd.	Sales of goods	3.62	27.84
Sichuan Changhong Electronic System Co., Ltd.	Sales of goods		0.85
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Sales of goods	0.09	6.43
Orion.PDP.Co.,ltd	Sales of goods	1,936.82	1,489.79
Changhong International Holdings (Hong Kong) Co., Ltd.	Sales of goods		58.80
Changhong Europe Electric s.r.o	Sales of goods		0.19
Yibin Red-Star Electronics Co., Ltd.	Sales of goods		91.74
CHANGHONG ELECTRIC MIDDLE EAST FZCO	Sales of goods	717.43	122.67
Sichuan Aichuang Technology Co., Ltd.	Sales of goods/provide labor service	26.54	101.37
Sichuan Changxin Refrigeration Parts Co., Ltd.	Sales of goods	8,074.51	6,050.49
Mianyang Huafeng Interconnection Tech. Co., Ltd.	Sales of goods	324.56	
Hongyuan Ground Energy Heat Tech. Co., Ltd.	Sales of goods	1,504.84	-6.26
Chengdu Guigu Environmental Tech. Co., Ltd.	Sales of goods	893.80	334.18
Changhong Ruba Electric Company (Private) Ltd.	Sales of goods	7,299.85	5,155.91
Total		**167,124.46**	**183,989.51**

Businesses between the Company and its connected persons are generally conducted under market operation rules as if they were the same as other business counter parties. 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

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expense, the price shall be determined by both parties by negotiation.

5. Provide fuels

Related party	Content	Current amount	Last period
Guangdong Changhong Electronics Co., Ltd.	Provide fuels	591,379.86	9,055.92
Sichuan Changhong Minsheng Logistic Co., Ltd.	Provide fuels	46,424.66	8,086.47
Sichuan Changhong Jijia Fine Co., Ltd.	Provide fuels	63,436.46	79,169.23
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Provide fuels	3,686,814.01	3,753,050.29
Sichuan Hongwei Technology Co., Ltd.	Provide fuels		848.96
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Provide fuels	693.51	
Sichuan Changhong Device Tech. Co., Ltd.	Provide fuels	402,243.20	457,594.68
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Provide fuels	4,860.07	
Shenzhen YijEn Technology Co., Ltd.	Provide fuels		52.05
Changhong International Holdings (Hong Kong) Co., Ltd.	Provide fuels		1,988.69
Total		**4,795,851.77**	**4,309,846.29**

6. Related rental

(1) Rent out

Lessor	Lessee	Type of assets	Leasing income in this period	Leasing income last period
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	Forklift	8,142.41	2,057.07
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	Warehouse	66,640.08	18,569.66
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	Apartment	3,417.92	9,283.02
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	Workshop	271,283.23	257,200.00
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	Appliance	300.00	
Changhong Meiling	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Warehouse	239,218.86	86,093.39
Changhong Meiling	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Workshop	711,904.98	702,270.00
Changhong Meiling	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Apartment	295,066.43	133,527.62
Changhong	Sichuan Changhong Minsheng Logistic Co., Ltd.	Apartment		45,794.29

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Lessor	Lessee	Type of assets	Leasing income in this period	Leasing income last period
Meiling				
Changhong Meiling	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Apartment		194,858.53
Changhong Meiling	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	office	132,641.68	42,378.38
Changhong Meiling	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Workshop	43,241.00	
Changhong Meiling	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Forklift	4,800.00	
Changhong Meiling	Hefei Changhong Industrial Co., Ltd.	Apartment	96,003.82	64,716.19
Changhong Meiling	Sichuan Changhong Electric Co., Ltd.	Apartment	20,314.50	
Changhong Meiling	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Forklift		1,682.54
Changhong Meiling	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Warehouse		1,415.09
Changhong Meiling	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Apartment	15,657.14	22,367.83
Changhong Meiling	Sichuan Ailian Technology Co., Ltd.	Warehouse	1,343.10	552.00
Changhong Meiling	Sichuan Aichuang Technology Co., Ltd.	Warehouse	18,759.84	
Changhong Meiling	Sichuan Changhe Technology Co., Ltd.	Warehouse		3,591.96
Changhong Meiling	Sichuan Aichuang Technology Co., Ltd.	Forklift	1,713.68	
Zhongke Meiling	Sichuan Changhong Minsheng Logistic Co., Ltd.	Workshop	1,411,295.19	936,567.27
Changhong Air-conditioner	BVCH Optronics (Sichuan) Co., Ltd.	Freight elevator		52,480.00
Zhongshan Changhong	Guangdong Changhong Electronics Co., Ltd.	Office building	17,477.59	63,646.10
Zhongshan Changhong	Sichuan Changhong Minsheng Logistic Co., Ltd.	Parts of the office building rent-out	18,637.42	1,693.24

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Lessor	Lessee	Type of assets	Leasing income in this period	Leasing income last period
Zhongshan Changhong	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	2# living area	6,770.00	9,450.49
Zhongshan Changhong	Sichuan Hongwei Technology Co., Ltd.	2# living area		4,550.38
Zhongshan Changhong	Sichuan Changhong Device Tech. Co., Ltd.	2# living area		51.76
Zhongshan Changhong	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	2# living area	4,050.00	
Zhongshan Changhong	Changhong International Holdings (Hong Kong) Co., Ltd.	2# living area		6,010.39
Jiangxi Meiling	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Workshop	390,338.86	269,600.00
Mianyang Refrigeration	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Warehouse		34,030.65
Mianyang Refrigeration	Sichuan Changhe Technology Co., Ltd.	Warehouse		162.16
Mianyang Refrigeration	Sichuan Changhong Package Printing Co., Ltd.	Warehouse		270.28
Changhong Ridian	Sichuan Changhong Device Tech. Co., Ltd.	Workshop	711,493.90	501,892.14
Changhong Ridian	Sichuan Hongwei Technology Co., Ltd.	Workshop	45,257.14	35,218.29
Changhong Ridian	Changhong International Holdings (Hong Kong) Co., Ltd.	office		74,862.18
Total			**4,535,768.77**	**3,576,842.90**

(2) Lessee of related parties

Lessor	Lessee	Type of assets	Leasing expense in this period	Leasing expense last period
Sichuan Changhong Property Service Co., Ltd.	Changhong Air-conditioner	Workshop, office		984,405.85
Chengdu Changhong Electronic Technology Co., Ltd.	Meiling Software	office		174,966.21
Chengdu Changhong Electronic Technology Co., Ltd.	Hongmei Intelligent	office	240,812.32	
Guangdong Changhong Electronics Co., Ltd.	Ground energy heat pump	Staff dormitory	12,970.19	149,265.47

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Lessor	Lessee	Type of assets	Leasing expense in this period	Leasing expense last period
Sichuan Changhong Electric Co., Ltd.	Mianyang Refrigeration	Workshop leasing	1,620,516.65	68,117.78
Sichuan Changhong Electronics Holding Group Co., Ltd.	Mianyang Refrigeration	Staff dormitory	14,000.23	11,355.72
Sichuan Changhong Property Service Co., Ltd.	Mianyang Refrigeration	Flower rental		1,670.38
Chengdu Changhong Electronic Technology Co., Ltd.	Changmei Technology	office		111,178.80
Sichuan Changhong Property Service Co., Ltd.	Changmei Technology	Venue rental		24,217.08
Sichuan Hongwei Technology Co., Ltd.	Changmei Technology	Server rental		136,667.56
Guangdong Changhong Electronics Co., Ltd.	Changhong Ridian	Staff dormitory		13,723.93
Beijing Changhong Tech. Co. Ltd,	Meiling Group	office	78,932.59	
Sichuan Changhong Electric Co., Ltd.	Meiling Group	office	194,009.55	423,932.86
Total			**2,161,241.53**	**2,099,501.64**

7. Related guarantee

Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
Changhong Meiling	Zhongshan Changhong	5,000.00	2018.04.12	2019.04.11	Y
Changhong Meiling	Zhongshan Changhong	6,000.00	2018.03.07	2019.03.07	Y
Changhong Meiling	Zhongshan Changhong	5,500.00	2018.04.18	2019.04.19	Y
Changhong Meiling	Zhongshan Changhong	5,500.00	2019.03.15	2020.03.15	N
Changhong Meiling	Zhongshan Changhong	10,000.00	2018.03.30	2019.03.30	Y
Changhong Meiling	Zhongshan Changhong	10,000.00	2019.03.31	2020.03.30	N
Changhong Meiling	Zhongshan Changhong	10,000.00	2018.08.09	2019.08.09	N

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Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
Changhong Meiling	Zhongshan Changhong	5,000.00	2018.08.21	2019.08.20	N
Changhong Meiling	Zhongshan Changhong	5,000.00	2018.10.23	2019.10.23	N
Changhong Meiling	Zhongshan Changhong	10,000.00	2018.08.22	2019.08.21	N
Changhong Meiling	Zhongshan Changhong	10,000.00	2019.01.25	2020.01.24	N
Changhong Meiling	Zhongshan Changhong	5,000.00	2019.06.20	2020.06.20	N
Changhong Meiling	Changhong Ridian	4,500.00	2018.08.21	2019.08.21	N
Changhong Meiling	Changhong Ridian	4,000.00	2018.08.31	2019.03.30	Y
Changhong Meiling	Changhong Ridian	4,000.00	2019.03.31	2020.03.30	N
Changhong Meiling	Changhong Ridian	2,500.00	2019.01.28	2020.01.27	N
Changhong Meiling	Zhongke Meiling	2,000.00	2018.07.20	2019.05.25	Y
Changhong Meiling	Zhongke Meiling	1,000.00	2018.06.29	2019.06.29	Y
Changhong Meiling	Jiangxi Meiling	5,000.00	2019.03.12	2020.03.11	N
Changhong Meiling	Jiangxi Meiling	10,000.00	2019.03.14	2020.03.14	N
Changhong Meiling	ChanghongRuba	2,062.41	2019.01.28	2020.02.15	N
Changhong Meiling	ChanghongRuba	1,888.08	2019.01.23	2020.01.09	N
Changhong Meiling	Nonferrous Metal	500.00	2019.06.19	2019.12.19	N
Counter guarantee:					
Zhongshan Changhong	Changhong Meiling	5,000.00	2018.04.12	2019.04.11	Y
Zhongshan Changhong	Changhong Meiling	6,000.00	2018.03.07	2019.03.07	Y
Zhongshan Changhong	Changhong Meiling	5,500.00	2018.04.18	2019.04.19	Y
Zhongshan Changhong	Changhong Meiling	5,500.00	2019.03.15	2020.03.15	N
Zhongshan Changhong	Changhong Meiling	10,000.00	2018.03.30	2019.03.30	Y
Zhongshan Changhong	Changhong Meiling	10,000.00	2019.03.31	2020.03.30	N

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Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
Zhongshan Changhong	Changhong Meiling	10,000.00	2018.08.09	2019.08.09	N
Zhongshan Changhong	Changhong Meiling	5,000.00	2018.08.21	2019.08.20	N
Zhongshan Changhong	Changhong Meiling	5,000.00	2018.10.23	2019.10.23	N
Zhongshan Changhong	Changhong Meiling	10,000.00	2018.08.22	2019.08.21	N
Zhongshan Changhong	Changhong Meiling	10,000.00	2019.01.25	2020.01.24	N
Zhongshan Changhong	Changhong Meiling	5,000.00	2019.06.20	2020.06.20	N
Changhong Ridian	Changhong Meiling	4,500.00	2018.08.21	2019.08.21	N
Changhong Ridian	Changhong Meiling	4,000.00	2018.08.31	2019.03.30	Y
Changhong Ridian	Changhong Meiling	4,000.00	2019.03.31	2020.03.30	N
Changhong Ridian	Changhong Meiling	2,500.00	2019.01.28	2020.01.27	N
Zhongke Meiling	Changhong Meiling	2,000.00	2018.07.20	2019.05.25	Y
Zhongke Meiling	Changhong Meiling	1,000.00	2018.06.29	2019.06.29	Y
Jiangxi Meiling	Changhong Meiling	5,000.00	2019.03.12	2020.03.11	N
Jiangxi Meiling	Changhong Meiling	10,000.00	2019.03.14	2020.03.14	N
ChanghongRuba	Changhong Meiling	2,062.41	2019.01.28	2020.02.15	N
ChanghongRuba	Changhong Meiling	1,888.08	2019.01.23	2020.01.09	N
Nonferrous Metal	Changhong Meiling	500.00	2019.06.19	2019.12.19	N

8. Assets transfer, debt restructuring of related parties

Related party	Type	Current amount	Last period
Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	Purchase & build fixed assets	27,193,066.98	8,135,804.47
Sichuan Hongcheng Real Estate Co., Ltd.	Purchase & build fixed assets	56,603.77	393,162.39
Sichuan Changhong Electric Co., Ltd.	Purchase intangible assets	241,379.31	
Sichuan Changhong Electric Co., Ltd.	Purchase & build fixed assets	32,509,712.14	106,156.65
Sichuan Hongxin Software Co., Ltd.	Purchase & build fixed	1,490,566.05	1,606,415.09

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Related party	Type	Current amount	Last period
	assets		
Sichuan Changhong Network Technology Co., Ltd.	Purchase & build fixed assets	820,476.33	
Sichuan Changhong Electronic System Co., Ltd.	Purchase & build fixed assets	142,500.00	
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing fixed assets		2,990.60
Sichuan Huanyu Industrial Co. Ltd.	Purchase & build fixed assets	17,007,856.54	193,725.23
Sichuan Jiahong Industrial Co., Ltd.	Purchase & build fixed assets	1,347,541.41	
Sichuan Hongcheng Construction Engineering Co., Ltd.	Purchasing fixed assets		450,450.45
Sichuan Changhong Electronics Holding Group Co., Ltd.	Purchase & build fixed assets		3,773,584.91
Sichuan Aichuang Technology Co., Ltd.	Purchasing fixed assets		1,344,951.37
Mianyang Science & Technology City Big Data Tech. Co., Ltd.	Purchase & build fixed assets	1,112,815.42	
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Sales of fixed assets	8,149.87	
Sichuan Changhong Electronics Holding Group Co., Ltd.	Sales of fixed assets	13,993.08	
Sichuan Jiahong Industrial Co., Ltd.	Sales of fixed assets	4,813.70	
Changhong Shundatong Tech. Development Co., Ltd.	Sales of fixed assets	128,199.13	
Total		**82,077,673.73**	**16,007,241.16**

9. Other

Name of company	Content	Current amount (in 10 thousand Yuan)	Last period(in 10 thousand Yuan)
Yuanxin Financial Leasing Co., Ltd	Enterprise payment business, financial leasing	184.31	

10. Related transaction with Changhong Finance Company

(1) Saving balance

Name of company	Ending balance	Opening balance	Interest income from bank saving
Changhong Meiling Co., Ltd.	1,961,099,047.93	2,138,883,580.37	29,218,567.57
Hebei Hongmao Household Appliance Technology Co., Ltd	237,001.92		

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Sichuan Changhong Air-conditioner Co., Ltd.	843,519,488.67	824,399,079.98	12,293,971.35
Zhongshan Changhong Electric Co., Ltd.	273,676.03	5,578,868.71	11,821.85
Hefei Meiling Group Holdings Limited	796.85	795.30	1.55
Mianyang Meiling Refrigeration Co., Ltd.	923.54	522.79	688.57
Zhongke Meiling Cryogenic Technology Co., Ltd.	70,784,019.16	76,807,508.29	1,232,845.72
Jiangxi Meiling Electric Appliance Co., Ltd.	723.03	946.27	1.77
Guangdong Changhong Ridian Technology Co., Ltd.	55,802,707.67	41,461,210.41	506,221.80
Hongyuan Ground Energy Heat Pump Tech. Co., Ltd.	6,398.38	8,201.52	159.66
Hongyuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd	526,186.72	31,976,494.27	356,114.26
Total	**2,932,250,969.90**	**3,119,117,207.91**	**43,620,394.10**

(2) Notes discounted

Name of company	Commercial bill book discounted amount	Commercial bill discounted amount	Expenses of discounted
Changhong Meiling Co., Ltd.	352,410,904.48	350,485,005.53	1,925,898.95
Sichuan Changhong Air-conditioner Co., Ltd.	324,278,124.17	321,021,016.66	3,257,107.51
Guangdong Changhong Ridian Technology Co., Ltd.	7,743,945.42	7,688,876.05	55,069.37
Hongyuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd	35,244,233.99	35,244,233.99	
Total	**719,677,208.06**	**714,439,132.23**	**5,238,075.83**

(3) Notes issued

Name of company	Issuing from	Note amount	Type
Changhong Meiling Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	467,587,378.17	Bank acceptance
Hebei Hongmao Household Appliance Technology Co., Ltd	Sichuan Changhong Group Finance Co., Ltd.	2,370,019.20	Bank acceptance
Sichuan Changhong Air-conditioner Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	634,963,139.12	Bank acceptance
Zhongke Meiling Cryogenic Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	11,417,100.56	Bank acceptance

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Name of company	Issuing from	Note amount	Type
Guangdong Changhong Ridian Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	37,412,959.85	Bank acceptance
Total		**1,153,750,596.90**	

(4) Borrowing: Nil

(5) Accounts receivable factoring: Nil

(III) Come and go balance with related parties

1. Receivable items

Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Changhong Electric Co., Ltd.	4,359,559.99		2,943,118.96	
Account receivable	Orion.PDP.Co.,ltd	10,629,246.24		22,430,223.12	
Account receivable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	427,636.10		997,299.16	
Account receivable	Changhong Europe Electric s.r.o			131,552.00	
Account receivable	CHANGHONGELECTRIC(AUSTRALIA)	14,096,884.27		16,782,905.91	
Account receivable	Changhong Huayi Compressor Co., Ltd.			363,524.00	
Account receivable	Sichuan Changhong Jijia Fine Co., Ltd.			8,318.75	
Account receivable	Sichuan Changhong Minsheng Logistic Co., Ltd.			275,734.13	
Account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	401,463.48		225,967.73	
Account receivable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.			36,056.54	
Account receivable	PT.CHANGHONGELECTRICINDONESIA	525,604.44		3,795,261.09	
Account receivable	CHANGHONG(HK)TRADINGLIMITED	130,375,573.08		29,884,304.94	

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Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Changhong Package Printing Co., Ltd.	1,152.00			
Account receivable	Sichuan Changhong International Hotel Co., Ltd.	11,929.30		2,850.00	
Account receivable	Chengdu Changhong Electronic Technology Co., Ltd.			1,656.00	
Account receivable	Lejiayi Chain Management Co., Ltd.	20,453,169.80		2,810,087.88	
Account receivable	Sichuan Zhiyijia Network Technology Co., Ltd.	763,295,733.31		505,717,212.18	
Account receivable	Sichuan Hongwei Technology Co., Ltd.			1,200.00	
Account receivable	Shenzhen YijEn Technology Co., Ltd.			14,274.78	
Account receivable	Sichuan Changhong Property Co., Ltd.	459,063.58		112,151.48	
Account receivable	Sichuan Changhong New Energy Technology Co., Ltd.	37,985.10		248,132.64	
Account receivable	Hefei Changhong Industrial Co., Ltd.	1,057,284.69			
Account receivable	Changhong International Holdings (Hong Kong) Co., Ltd.	2,392.50		21,772.79	
Account receivable	Sichuan Jiahong Industrial Co., Ltd.	4,813.70			
Account receivable	Guangdong Changhong Electronics Co., Ltd.			290,418.22	
Account receivable	CHANGHONG ELECTRIC MIDDLE EAST FZCO	424,725.50		3,391,982.77	
Account receivable	Sichuan Aichuang Technology Co., Ltd.	21,438.96		964,432.39	
Account receivable	Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.			547,276.70	
Account receivable	Changhong Shundatong Tech. Development Co., Ltd.	126,590.96			
Account receivable	Hongyuan Ground Energy Heat Tech. Co., Ltd.	15,833,604.13		25,559,118.66	

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Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Changhong Ruba Electric Company (Private) Ltd.	96,100,495.02		75,910,256.75	
Account paid in advance	Sichuan Changhong Electronics Holding Group Co., Ltd.			49,632.00	
Account paid in advance	Sichuan Changhong Electric Co., Ltd.			11,324,475.95	
Account paid in advance	081 Electronic Group			6.94	
Account paid in advance	Sichuan Hongwei Technology Co., Ltd.			113,168.00	
Account paid in advance	Guangdong Changhong Electronics Co., Ltd.			0.20	
Account paid in advance	Sichuan Zhiyijia Network Technology Co., Ltd.	766.43		3,071.23	
Account paid in advance	Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.			15,423,229.03	
Account paid in advance	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	8,127.70		7,797.42	
Account paid in advance	Chengdu Guigu Environmental Tech. Co., Ltd.			58,281.92	
Account paid in advance	Sichuan Tianyou Guigu Technology Co., Ltd	342,300.00			
Other account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	672,600.00		600,000.00	
Other account receivable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	575.22			
Other account receivable	Sichuan Changhong Property Co., Ltd.	10,037.40		150,000.00	
Other account receivable	Sichuan Changhong Property Service Co., Ltd.			2,952.00	
Other account receivable	Sichuan Huanyu Industrial Co. Ltd.			3,150.35	
Other account receivable	Chengdu Changhong Electronic Technology Co., Ltd.			434,509.01	
Other account receivable	Sichuan Changhong International Hotel Co., Ltd.	27,589.45		27,589.45	

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Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other account receivable	081 Electronic Group	252,027.35		252,027.35	
Other account receivable	Changhong Huayi Compressor Co., Ltd.	56,364.80			
Other account receivable	Changhong Ruba Electric Company (Private) Ltd.	1,099,185.47			
Total		**1,061,115,919.97**		**721,916,980.42**	

2. Payable items

Item	Related party	Ending balance	Opening balance
Account payable	Sichuan Changhong Electronics Holding Group Co., Ltd.		796,408.02
Account payable	Sichuan Changhong Electric Co., Ltd.	39,398,896.57	14,019,713.93
Account payable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	165,531,197.33	27,891,091.24
Account payable	Changhong Huayi Compressor Co., Ltd.	80,474,485.93	105,062,188.37
Account payable	Sichuan Changhong Jijia Fine Co., Ltd.	109,313,891.37	17,324,860.79
Account payable	Sichuan Changhong Minsheng Logistic Co., Ltd.	328,612.14	46,671,482.99
Account payable	Sichuan Changhong Package Printing Co., Ltd.	43,270,126.90	9,305,115.20
Account payable	Sichuan Changhong Device Technology Co., Ltd.		23,275.25
Account payable	Sichuan Changhong Jineng Sunshine Technology Co., Ltd.	52,951.39	52,951.39
Account payable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	6,651,691.05	834,733.87
Account payable	081 Electronic Group	69,653.76	25,025.52
Account payable	Sichuan Changhong New Energy Technology Co., Ltd.	5,900.00	
Account payable	Guangdong Changhong Electronics Co., Ltd.	1,189,926.19	
Account payable	Sichuan Changhong Power Co., Ltd.	1,870.82	4,910.82
Account payable	Sichuan Hongyu Metal Manufacturing Co., Ltd.	14,662.40	14,662.40
Account payable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	143,009.46	177,728.16
Account payable	Sichuan Hongwei Technology Co., Ltd.	827,568.38	
Account payable	Sichuan Rainbow Consulting&Software Co., Ltd.	321,226.42	21,226.42
Account payable	Sichuan Changhong International Hotel Co., Ltd.		121,538.10
Account payable	Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	7,185,385.64	11,377,605.65
Account payable	Sichuan Changhong International Travel Agency Co., Ltd.	307,064.10	

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Item	Related party	Ending balance	Opening balance
Account payable	Sichuan Changhong Electronic System Co., Ltd.	5,432.53	
Account payable	Sichuan Jiahong Industrial Co., Ltd.	14,764.05	21,109.00
Account payable	Sichuan Changhong Network Technology Co., Ltd.	6,980.51	13,456.92
Account payable	Sichuan Changhong Electronic Parts Co., Ltd.	12,491,670.74	2,054,864.41
Account payable	CHANGHONG(HK)TRADINGLIMITED	2,959,912.46	1,998,987.22
Account payable	Sichuan Ailian Technology Co., Ltd.	7,285,318.85	1,701,913.57
Account payable	Sichuan Zhiyijia Network Technology Co., Ltd.	54,068.24	6,274.34
Account payable	Sichuan Aichuang Technology Co., Ltd.	24,705,439.66	9,023,993.17
Account payable	Hunan Grand-Pro Intelligent Tech. Company	755,585.20	287,486.83
Account payable	Sichuan Huanyu Industrial Co. Ltd.		3,000,000.00
Account payable	Mianyang Science & Technology City Big Data Tech. Co., Ltd.	7,540.79	1,430.47
Account payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	45,718,042.38	883,369.88
Account payable	Mianyang Highly Electric Co., Ltd.	36,211,754.17	12,868,088.45
Account payable	Chengdu Guigu Environmental Tech. Co., Ltd.	65,100.00	
Account payable	Changhong Ruba Electric Company (Private) Ltd.	46,001,866.56	29,257,116.05
Account received in advance	Sichuan Changhong Electric Co., Ltd.	143,714.52	234.16
Account received in advance	Sichuan Changhong Electronics Holding Group Co., Ltd.	5,080.00	5,080.00
Account received in advance	Sichuan Changhong Minsheng Logistic Co., Ltd.	245.00	
Account received in advance	Lejiayi Chain Management Co., Ltd.	1,935.00	20,258.00
Account received in advance	CHANGHONG(HK)TRADINGLIMITED	89,445.99	994.96
Account received in advance	Changhong Huayi Compressor Co., Ltd.	94,339.62	
Account received in advance	Sichuan Changhong Precision Electronics Tech. Co., Ltd.		0.01

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Item	Related party	Ending balance	Opening balance
Account received in advance	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	0.14	
Account received in advance	Sichuan Changhong Device Technology Co., Ltd.	268,867.92	
Account received in advance	081 Electronic Group	25.55	25.55
Account received in advance	Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	1,053,998.80	578,537.58
Account received in advance	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	49,055.09	81,015.05
Account received in advance	Guangyuan Changhong Electronic Technology Co., Ltd.	45,115.00	310,437.76
Account received in advance	Sichuan Changhong Power Co., Ltd.	6,150.00	
Account received in advance	Hefei Changhong Industrial Co., Ltd.	2,991.00	23,593.21
Account received in advance	Sichuan Zhiyijia Network Technology Co., Ltd.	0.45	1,122.20
Account received in advance	Changhong Europe Electric s.r.o	7,193.21	
Account received in advance	Changhong International Holdings (Hong Kong) Co., Ltd.	36,000.00	
Account received in advance	Chengdu Guigu Environmental Tech. Co., Ltd.	371.10	
Account received in advance	Hongyuan Ground Energy Heat Tech. Co., Ltd.	4,449,056.34	426,247.52

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Item	Related party	Ending balance	Opening balance
Account received in advance	Sichuan Tianyou Guigu Technology Co., Ltd		0.06
Other account payable	Sichuan Changhong Electric Co., Ltd.	12,662,282.74	1,514,578.28
Other account payable	Sichuan Changhong Electronics Holding Group Co., Ltd.		1,090.65
Other account payable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	1,653,013.68	1,648,151.88
Other account payable	Sichuan Changhong Jijia Fine Co., Ltd.	400,500.00	400,500.00
Other account payable	Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	10,000.00	10,000.00
Other account payable	Changhong Huayi Compressor Co., Ltd.	1,598,900.00	1,050,000.00
Other account payable	Sichuan Changhong Package Printing Co., Ltd.	54,867.26	50,000.00
Other account payable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	200,000.00	200,000.00
Other account payable	Sichuan Changhong Minsheng Logistic Co., Ltd.	500,500.00	500,500.00
Other account payable	CHANGHONG(HK)TRADINGLIMITED	21,006.71	76,036.96
Other account payable	Sichuan Jiahong Industrial Co., Ltd.	25,674.44	22,218.04
Other account payable	Guangdong Changhong Electronics Co., Ltd.	2,722.00	
Other account payable	Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	469,933.53	343,586.81
Other account payable	Hunan Grand-Pro Intelligent Tech. Company	250,000.00	200,000.00
Other account payable	Yuanxin Financial Leasing Co., Ltd.	1,196,087.05	1,686,849.14
Other account payable	Mianyang Science & Technology City Big Data Tech. Co., Ltd.	100,000.00	100,000.00
Other account payable	Sichuan Changhong Jineng Sunshine Technology Co., Ltd.	53,165.00	
Other account	Sichuan Changhong Network Technology Co., Ltd.	121,336.73	

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Item	Related party	Ending balance	Opening balance
payable			
Other account payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	50,000.00	50,000.00
Other account payable	Sichuan Yunyou Internet Technology Co., Ltd.		139,862.42
Total		656,995,169.86	304,283,528.67

(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

3. Assets replacement: Nil

4. Pension plan: Nil

5. Discontinuing operation: Nil

6. Branch information

In 10 thousand Yuan

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Item	Refrigerator, freezer, Washing machine	AC	Marketing	Small home appliances	Other	Sales in branch	Total
Operation income	452,361.86	426,399.15	34,878.15	28,498.16	14,068.80	42,889.85	**913,316.27**
Including: Income from trading outside	419,547.51	426,242.10	34,877.39	28,413.41	4,235.86		**913,316.27**
Income from trading in branch	32,814.35	157.05	0.76	84.75	9,832.94	42,889.85	
Operation expenses	453,846.65	424,125.52	32,451.42	27,791.38	12,857.11	42,703.82	**908,368.26**
Operation profit	-1,484.79	2,273.63	2,426.73	706.78	1,211.69	186.03	**4,948.01**
Total assets	1,178,592.87	513,741.05	7,332.32	38,571.46	16,573.01	181,384.70	**1,573,426.01**
Total liability	682,826.84	375,424.90	19,204.71	24,148.31	6,899.20	45,242.84	**1,063,261.12**
Supplementary information							
Depreciation and amortization expenses	9,090.30	4,585.76	7.13	260.56	259.93	-192.39	**14,396.07**
Capital expenditure	10,844.21	22,168.33	2.77	25.48	192.29		**33,233.08**
Non-cash expenses except for depreciation and amortization	50,951.67	39,097.75	627.61	1,327.20	1,624.22	-106.74	**93,735.19**

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) By account age

Account age	Book balance
Within 3 months (3 months included)	1,031,979,497.85
Over 3 months and within 6 months (6 months included)	291,606,061.47
Over 6 months and within one year (One year included)	49,006,161.64
Over one year - within 2 years (2 years included)	24,186,228.25
Over 2 years - within 3 years (3 years included)	163,774.66
Over 3 years	3,293,917.42
Total	**1,400,235,641.29**

(2) By category

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Category	Ending amount				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
Account receivable that withdrawal bad debt provision by single item	**1,173,599,202.14**	**83.81%**	**341,332.98**	**0.03%**	**1,173,257,869.16**
Including: current payment with related party	1,138,500,727.13	81.31%			1,138,500,727.13
Account receivable with letter of credit	34,757,142.03	2.48%			34,757,142.03
Account receivable with single minor amount but withdrawal single item bad debt provision	341,332.98	0.02%	341,332.98	100.00%	
Account receivable withdrawal bad debt provision by combination	**226,636,439.15**	**16.19%**	**6,671,936.52**	**2.94%**	**219,964,502.63**
Account receivable of engineering customers	6,947,254.96	0.50%			6,947,254.96
Receivable except the account receivable of engineering customers	219,689,184.19	15.69%	6,671,936.52	3.04%	213,017,247.67
Total	**1,400,235,641.29**	**100.00%**	**7,013,269.50**	**0.50%**	**1,393,222,371.79**

(Continued)

Category	Opening amount				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
Account receivable that withdrawal bad debt provision by single item	**850,209,430.96**	**80.44%**	**3,054,598.79**	**0.36%**	**847,154,832.17**
Including: current payment with related party	798,250,556.57	75.52%			798,250,556.57
Account receivable with letter of credit	45,978,287.55	4.35%			45,978,287.55
Account receivable with single minor amount but withdrawal single item bad debt provision	5,980,586.84	0.57%	3,054,598.79	51.08%	2,925,988.05
Account receivable withdrawal bad debt provision by combination	**206,713,269.29**	**19.56%**	**6,098,978.15**	**2.95%**	**200,614,291.14**
Account receivable of engineering					

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Category	Opening amount				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
customers					
Receivable except the account receivable of engineering customers	206,713,269.29	19.56%	6,098,978.15	2.95%	200,614,291.14
Total	**1,056,922,700.25**	**100.00%**	**9,153,576.94**	**0.87%**	**1,047,769,123.31**

1) As for the account receivable with single minor amount but withdrawal single item bad debt provision at period-end, they refer to the account receivable with minor amount, and whose risk characteristics cannot be reflected in the bad debt provision according to the combination, there is one client involved.

2) Account receivable with bad debt provision accrual by aging analysis

Account age	Ending balance		
	Account receivable	Bad debt provision	Provision ratio
Within 3 months (3 months included)	202,373,821.32	1,977,562.20	0.98%
Over 3 months and within 6 months (6 months included)	13,868,857.51	1,153,920.36	8.32%
Over 6 months and within one year (One year included)	6,047,244.42	1,209,448.88	20.00%
Over one year - within 2 years (2 years included)	3,974,430.97	1,987,215.49	50.00%
Over 2 years - within 3 years (3 years included)	141,476.70	113,181.36	80.00%
Over 3 years	230,608.23	230,608.23	100.00%
Total	**226,636,439.15**	**6,671,936.52**	**2.94%**

(3) Accrual, switch back (or collection) of bad debt provision in the period

Accrual of bad debt provision in the period amounted as RMB 745,263.81.

(4) The bad debt provision for account receivable actually written-off in the period amounted as RMB 2,885,571.25.

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

(6) The top five account receivable at period-end has RMB 1,128,951,562.34 in total, a 80.63% in total account receivable, bad debt provision accrual at period-end amounted as RMB 301,274.61.

(7) Account receivable de-recognized: Nil

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2. Other account receivable

Item	Ending balance	Opening balance
Interest receivable	7,494,128.83	2,653,712.36
Other account receivable	91,353,833.85	180,187,618.84
Total	**98,847,962.68**	**182,841,331.20**

2.1 Interest receivable

(1) Category

Item	Ending balance	Opening balance
Interest receivable of time deposit	5,268,978.14	1,892,948.46
Interest receivable of financing products	2,225,150.69	760,763.90
Total	**7,494,128.83**	**2,653,712.36**

(2) Major overdue interest: nil

2.2 Other account receivable

(1) by account age

Account age	Book balance
Within 3 months (3 months included)	27,317,847.27
Over 3 months and within 6 months (6 months included)	53,904,190.31
Over 6 months and within one year (One year included)	3,132,423.77
Over one year - within 2 years (2 years included)	1,968,018.08
Over 2 years - within 3 years (3 years included)	1,347,511.88
Over 3 years	3,683,921.14
Total	**91,353,912.45**

(2) By category

Category	Ending amount				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
Other account receivable that withdrawal bad debt provision by single item	**91,346,052.45**	**99.99%**			**91,346,052.45**
Including: petty cash loan for to employees	13,477,634.76	14.76%			13,477,634.76
Margin	2,166,874.70	2.37%			2,166,874.70

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Tax rebate	20,520,989.72	22.46%			20,520,989.72
Related party's amount	55,180,553.27	60.40%			55,180,553.27
Account receivable with single minor amount but withdrawal single item bad debt provision					
Other account receivable withdrawal bad debt provision by portfolio	**7,860.00**	**0.01%**	**78.60**	**1.00%**	**7,781.40**
Aging analysis	7,860.00	0.01%	78.60	1.00%	7,781.40
Total	**91,353,912.45**	**100.00%**	**78.60**	**0.00%**	**91,353,833.85**

(Continued)

Category	**Opening amount**				
	Book balance		**Bad debt provision**		**Book value**
	Amount	**Ratio**	**Amount**	**Ratio**	
Other account receivable that withdrawal bad debt provision by single item	**180,141,537.18**	**99.96%**			**180,141,537.18**
Including: petty cash loan for to employees	5,779,671.00	3.21%			5,779,671.00
Margin	636,260.00	0.35%			636,260.00
Tax rebate	12,294,910.68	6.82%			12,294,910.68
Related party's amount	161,430,695.50	89.58%			161,430,695.50
Account receivable with single minor amount but withdrawal single item bad debt provision					
Other account receivable withdrawal bad debt provision by portfolio	**80,102.08**	**0.04%**	**34,020.42**	**42.47%**	**46,081.66**
Aging analysis	80,102.08	0.04%	34,020.42	42.47%	46,081.66
Total	**180,221,639.26**	**100.00%**	**34,020.42**	**0.02%**	**180,187,618.84**

1) Other account receivable with bad debt provision accrual by aging analysis

Account age	**Ending balance**		
	Other account receivable	**Bad debt provision**	**Provision ratio**
Within 3 months (3 months included)	7,860.00	78.60	1.00%
Over 3 months and within 6 months (6 months included)			

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Account age	Ending balance		
	Other account receivable	Bad debt provision	Provision ratio
Over 6 months and within one year (One year included)			
Over one year - within 2 years (2 years included)			
Over 2 years - within 3 years (3 years included)			
Over 3 years			
Total	**7,860.00**	**78.60**	**1.00%**

(3) Reversal of bad debt provision amounted as 33,941.82 Yuan in the period.

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

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

(6) Top 5 other account receivable has RMB 75,615,554.81 in total, a 82.77% in total account receivable at period-end, no bad debts accrual correspondingly

(7) Other receivables classify by nature

Nature	Ending book balance	Opening book balance
Related party	55,180,553.27	161,430,695.50
Export rebate	20,520,989.72	12,294,910.68
Loans of employee's pretty cash	13,477,634.76	5,779,671.00
Margin	2,166,874.70	636,260.00
Other	7,860.00	80,102.08
Total	**91,353,912.45**	**180,221,639.26**

(8) 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	Book value	Book balance	Impairment	Book value
Investment in subsidiaries:						
Zhongke Meiling Cryogenic Technology Co., Ltd.	42,652,000.00		42,652,000.00	42,652,000.00		42,652,000.00
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00		95,000,000.00	95,000,000.00		95,000,000.00
Hefei Meiling Electric 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.	955,600,437.79		955,600,437.79	955,600,437.79		955,600,437.79
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.	48,128,000.00		48,128,000.00	48,128,000.00		48,128,000.00
Meiling CANDY Washing Machine Co., Ltd.	60,000,000.00		60,000,000.00	60,000,000.00		60,000,000.00
Hefei Meiling Wulian Technology Co., Ltd.	6,000,000.00		6,000,000.00			
Investment in associates:						

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Item	Ending balance			Opening balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Hefei Xingmei Assets Management Co., Ltd.	8,952,024.52		8,952,024.52	9,420,099.27		9,420,099.27
Sichuan Zhiyijia Network Technology Co., Ltd.	15,439,741.60		15,439,741.60	17,803,986.55		17,803,986.55
Total	**1,739,960,685.23**		**1,739,960,685.23**	**1,736,793,004.93**		**1,736,793,004.93**

(2) Investment in subsidiaries

Invested enterprise	Opening balance	Current increased	Current decreased	Ending balance	Provision for impairment loss in the period	Ending balance of impairment
Zhongke Meiling Cryogenic Technology Co., Ltd.	42,652,000.00			42,652,000.00		
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00			95,000,000.00		
Hefei Meiling Electric 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.	955,600,437.79			955,600,437.79		
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		

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Invested enterprise	Opening balance	Current increased	Current decreased	Ending balance	Provision for impairment loss in the period	Ending balance of impairment
Changmei Technology Co., Ltd.	48,128,000.00			48,128,000.00		
Meiling CANDY Washing Machine Co., Ltd.	60,000,000.00			60,000,000.00		
Hefei Meiling Wulian Technology Co., Ltd.		6,000,000.00		6,000,000.00		
Total	**1,709,568,919.11**	**6,000,000.00**		**1,715,568,919.11**		

(3) Investment in associates

Invested enterprise	Opening balance	Changes in the period								Ending balance	Ending balance of impairment
		Additional Investment	Investment reduction	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.	9,420,099.27			-468,074.75						8,952,024.52	
Sichuan Zhiyijia Network Technology Co., Ltd.	17,803,986.55			-2,364,244.95						15,439,741.60	
Total	**27,224,085.82**			**-2,832,319.70**						**24,391,766.12**	

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4. Operation income and operation cost

Item	Current period		Same period last year	
	Income	Cost	Income	Cost
Main business	3,595,970,830.12	3,108,565,034.11	3,529,955,814.19	3,105,570,442.13
Other business	938,785,397.22	923,829,071.09	863,289,287.86	848,332,244.82
Total	**4,534,756,227.34**	**4,032,394,105.20**	**4,393,245,102.05**	**3,953,902,686.95**

(1) Classified according to product

Product	Current period		Same period last year	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator, freezer	3,359,059,870.90	2,898,999,289.84	3,394,705,796.60	2,987,586,636.93
Washing machine	60,295,707.79	54,562,704.69	25,008,996.72	21,848,498.47
Small household appliances and kitchen and bathroom	175,588,336.18	154,221,270.69	110,017,918.11	96,072,502.05
Other	1,026,915.25	781,768.89	223,102.76	62,804.68
Total	**3,595,970,830.12**	**3,108,565,034.11**	**3,529,955,814.19**	**3,105,570,442.13**

(2) Classified according to region

Regions	Current period		Same period last year	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	2,564,886,628.36	2,199,492,611.91	2,561,293,594.65	2,209,857,770.73
Overseas	1,031,084,201.76	909,072,422.20	968,662,219.54	895,712,671.40
Total	**3,595,970,830.12**	**3,108,565,034.11**	**3,529,955,814.19**	**3,105,570,442.13**

Top five clients in sales income amounted as RMB 2,205,280,387.95, a 48.63% in total operation income.

5. Investment income

Item	Current period	Same period last year
Long-term equity investment income by cost method	4,590,000.00	2,754,000.00
Long-term equity investment income by equity method	-2,832,319.70	2,089,222.50
Investment income arising from disposal of trading financial assets	-9,266,363.88	-15,224,324.37
Income from financial products	31,627,554.38	34,331,691.42
Total	**24,118,870.80**	**23,950,589.55**

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XVIII. Approval of financial statement

The financial statement has already been approved from the board of directors of the Company for reporting dated 15 August 2019.

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Supplementary information for financial statement

1. Non-recurring gains and losses for this year

(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 (including the parts that are write-off for accrual of the assets impairment provision)	-937,771.74	
Tax refund or mitigate due to examination-and-approval beyond power or without official approval document or accident		
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 normal business	32,661,651.14	
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	23,850,754.01	
Switch-back of provision of impairment of account receivable which are treated with separate depreciation test	662,652.68	
Gains and losses obtained from external trusted loans		

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Item	Current period	Note
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	113,670.65	
Other gains and losses items complying with definition for non-recurring gains and losses		
Subtotal		
Impact on income tax	6,036,079.73	
Impact on minority equity(after taxation)	456,251.29	
Total	**49,858,625.72**	

2. Return on equity and earnings per share

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 in the period are as follow:

Profit during the report period	Weighted average return on equity	Earnings per share/EPS (RMB/Share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of parent company	1.08%	0.0520	0.0520
Net profit attributable to shareholders of parent company after deduction of non-recurring gains and losses	0.09%	0.0043	0.0043

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

4. Supplementary information for accounting policy changed: Nil

ChangHong Meiling Co., Ltd.

16 August 2019

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