



Changhong Meiling Co., Ltd.
The First Quarterly Report of 2020

April 2020

Section I. Important Notes

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

Mr. Wu Dinggang, person in charge of the Company, Mr. Pang Haitao, person in charge of accounting works and Mr. Yang Jun, person in charge of accounting organ (accounting officer) hereby confirm that the Financial Report of this Quarterly Report is authentic, accurate and complete.

Prompt of non-standard audit opinion

Applicable Not applicable

The First Quarterly Report of 2020 has not been audited.

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

Section II. Basic situation of the Company

I. Main accounting data and financial indexes

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

Yes No

	This Period	Same period of last year	Changes of this period over same period of last year
Operating income (RMB)	2,281,578,242.02	4,222,693,607.41	-45.97%
Net profit attributable to shareholders of the listed company (RMB)	-270,008,124.67	60,526,575.53	-546.10%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-282,956,643.92	36,385,461.05	-877.66%
Net cash flow arising from operating activities (RMB)	-1,003,451,132.76	-921,543,887.11	-8.89%
Basic earnings per share (RMB/Share)	-0.2585	0.0579	-546.46%
Diluted earnings per share (RMB/Share)	-0.2585	0.0579	-546.46%
Weighted average ROE	-5.54%	1.20%	6.74 percentage points down
	End of this period	End of last period	Changes of this period-end over same period-end of last year
Total assets (RMB)	13,792,441,370.31	14,202,233,615.47	-2.89%
Net assets attributable to shareholder of listed company (RMB)	4,730,295,775.70	5,004,947,673.36	-5.49%

Items of non-recurring gains and losses

Applicable Not applicable

In RMB

Item	Amount from year-begin to period-end	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	262,008.65	Found in "Asset disposal income"
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	10,210,370.52	Found in "Other income"
Losses/gains from changes of fair values occurred in holding trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and investment income obtaining from	3,689,775.73	Found in "Investment income" and "Changes in fair value"

the disposal of trading financial assets, derivative financial assets, trading financial liability, derivative financial liability and other debt investment, excluded effective hedging business relevant with normal operations of the Company		gains/losses”
Other non-operating income and expenditure except for the aforementioned items	717,561.73	Found in “Non-operating income”, “Non-operating expenditure”
Less: impact on income tax	1,957,669.87	--
Impact on minority shareholders’ equity (post-tax)	-26,472.49	--
Total	12,948,519.25	--

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

Applicable Not applicable

The Company has no items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss, in the period.

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

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

In shares

Total number of common shareholders at the end of report period	64,281	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)	0			
Top ten shareholders						
Shareholder’s name	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of lock-up shares held	Number of share pledged/frozen	
					State of share	Amount
Sichuan Changhong Electric Co., Ltd.	State-owned legal person	23.79%	248,457,724	0	-	-
Hefei Industrial Investment Holding (Group) Co., Ltd.	State-owned legal person	4.58%	47,823,401	0	-	-

Changhong (Hong Kong) Trade Co., Ltd.	Foreign legal person	2.59%	27,077,797	0	-	-
CAO SHENGCHUN	Foreign nature person	1.41%	14,766,086	0	-	-
Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	Domestic non-State-owned legal person	1.03%	10,733,452	0	-	-
Shanghai Fangda Investment Management Co., Ltd.	Domestic non-State-owned legal person	0.78%	8,180,000	0	-	-
Ma Guobin	Domestic nature person	0.69%	7,192,100	0	-	-
China Construction Bank - China Central Zhongzheng Sichuan Reform of State-owned Enterprise ETF	Domestic non-State-owned legal person	0.63%	6,576,100	0	-	-
Philip Securities (H.K.) Co., Ltd.	Foreign legal person	0.60%	6,296,913	0	-	-
Huatai Securities Co., Ltd.-Zhonggeng Value Pilot Mixed Securities Investment Fund	Domestic non-State-owned legal person	0.46%	4,808,128	0	-	-
Top ten shareholders with unrestricted shares held						
Shareholder's name	Amount of unrestricted shares held	Type of shares				
		Type	Amount			
Sichuan Changhong Electric Co., Ltd.	248,457,724	RMB ordinary shares	248,457,724			
Hefei Industrial Investment Holding (Group) Co., Ltd.	47,823,401	RMB ordinary shares	47,823,401			
Changhong (Hong Kong) Trade Co., Ltd.	27,077,797	Domestically listed foreign shares	27,077,797			
CAO SHENGCHUN	14,766,086	Domestically listed foreign shares	14,766,086			
Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	10,733,452	RMB ordinary shares	10,733,452			
Shanghai Fangda Investment Management Co., Ltd.	8,180,000	RMB ordinary shares	8,180,000			
Ma Guobin	7,192,100	RMB ordinary shares	7,192,100			
China Construction Bank - China Central Zhongzheng Sichuan Reform of State-owned Enterprise ETF	6,576,100	RMB ordinary shares	6,576,100			
Philip Securities (H.K.) Co., Ltd.	6,296,913	Domestically listed foreign shares	6,296,913			

Huatai Securities Co., Ltd.-Zhonggeng Value Pilot Mixed Securities Investment Fund	4,808,128	RMB ordinary shares	4,808,128
Explanation on associated relationship among the aforesaid shareholders	Among the above shareholders, CHANGHONG (HK) TRADING LIMITED (hereinafter referred to as Hong Kong Changhong) is the wholly-owned subsidiary of Sichuan Changhong Electric Co., Ltd.; except the shares of the Company directly held by Hong Kong Changhong, 6,296,913 shares of B-stock are also held through Phillip Securities (Hong Kong) Co., Ltd., the foregoing shareholders constitute persons of uniform action. There existed no associated relationship or belong to the concerted actors as specified in the Measures for the Administration of Information Disclosure of Shareholder Equity Changes of Listed Companies among Sichuan Changhong, Hong Kong Changhong and other top 7 shareholders (except Philip Securities (H.K.) Co., Ltd.); "Caitong Fund-Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership) " refers to the products of Caitong Fund Management Company subscribe for privately placement of 2016; The company neither knows whether there is any association among other shareholders, nor knows whether other shareholders belong to the persons acting in concert that is stipulated in the "Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies".		
Explanation on top ten common shareholders involving margin business (if applicable)	As of 31 March 2020, among the top 10 common shareholders, Shanghai Fangda Investment Management Co., Ltd. holds 8,180,000 shares of the Company through customer credit trading secured account of Guoyuan Securities Co., Ltd. Ma Guobin holds 7,192,100 shares of the Company through customer credit trading secured account of Founder Securities Co., Ltd.		

Note 1: At end of the reporting period, the person acting in concert with controlling shareholder Sichuan Changhong-- CHANGHONG (HK) TRADING LIMITED, holds B-stock of the Company as 33,374,710 shares, among which, 6,296,913 shares are held through Philip Securities (H.K.) Co., Ltd. by CHANGHONG (HK) TRADING LIMITED.

Note 2: In the above table, "Particulars about shares held above 5% by shareholders or top 10 shares holding" is subject to the data on stock transfer books provided by China Securities Depository and Clearing Corporation Limited Shenzhen Branch.

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

Yes No

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

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

Applicable Not applicable

Section III. Significant Events

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

√ Applicable □ Not applicable

(I) Changes and reasons of items in balance sheet

In RMB

Item	Ending balance	Opening balance	Changes ratio	Item
Notes receivable	1,240,758,237.17	1,865,165,499.50	-33.48%	Mainly due to the decrease in the company's sales revenue leading to a decrease in bills receivable.
Advance payment	78,439,029.82	25,270,406.37	210.40%	Mainly due to the increase in the company's advance payment for bulk materials.
Other current assets	237,637,798.24	63,604,031.96	273.62%	Mainly due to the increase in corporate wealth management in the current period.
Short term loan	1,608,643,732.12	1,103,991,045.96	45.71%	Mainly due to the increase in short-term loans of the company in the current period.
Transactional financial liabilities	3,755,882.63	1,081,534.93	247.27%	Change of the fair value for FXA (Forward Exchange Agreement) carried out in the period
Payroll payable	125,222,435.70	196,507,174.68	-36.28%	Mainly due to the payment of employee compensation in the current period.
Taxes payable	29,339,909.58	68,558,391.66	-57.20%	Mainly due to the payment of value-added tax by Meiling Group, a subsidiary of the current period.
Undistributed profit	614,119,618.75	884,127,743.42	-30.54%	Mainly caused by the company's losses in the current period.

(II) Changes and reasons of items in profit statement

In RMB

Item	Amount at the period	Amount at the same period of last year	Changes ratio	Reasons of changes
Operating income	2,281,578,242.02	4,222,693,607.41	-45.97%	Mainly due to the impact of the new coronary pneumonia epidemic, which resulted in a decrease in operating income.
Operating cost	1,991,759,544.67	3,378,498,741.74	-41.05%	Same as "Operating income"

Taxes and surcharges	18,907,987.65	41,279,976.29	-54.20%	Same as "Operating income"
Sales expenses	371,060,681.20	613,574,029.12	-39.52%	Same as "Operating income"
R&D expenses	81,217,573.94	52,209,017.77	55.56%	Mainly due to the y-o-y increase in R & D investment in this period.
Financial expenses	4,376,275.14	12,386,522.10	-64.67%	Mainly due to the y-o-y increase in interest income in the current period
Other income	10,962,097.40	15,924,209.49	-31.16%	Government grants received in the period decreased from a year earlier
Investment income	7,493,976.04	-3,294,794.60	327.45%	Mainly due to the company's forward foreign exchange contract delivery income.
Changing income of fair value	-3,935,681.27	17,239,305.01	-122.83%	Change of the fair value for FXA (Forward Exchange Agreement) carried out in the period
Assets impairment loss	-15,425,929.32	-8,114,711.29	-90.10%	Mainly due to the y-o-y increase in impairment losses of inventory assets in the current period.
Credit impairment loss	-33,262,321.33	4,348,457.12	-864.92%	Mainly due to the y-o-y increase in the impairment loss of notes receivable and accounts receivable in the current period.
Assets disposal income	262,008.65	-786,764.45	133.30%	Mainly due to the y-o-y increase in the company's disposal of part of the asset income during the period.
Income tax expense	-6,990,752.22	10,546,657.77	-166.28%	Mainly due to the reduction of taxable income in the current period resulting in a reduction in income tax expenses.
Minority interest	-8,756,819.19	-5,022,513.61	-74.35%	Some of the wholly-owned subsidiary have deficit in the period with a y-o-y increased

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

In RMB

Item	Amount at the period	Amount at the same period of last year	Changes ratio	Reasons of changes
Cash received from selling goods and providing services	2,514,448,244.56	3,904,690,858.42	-35.60%	Mainly due to the decrease in the company's income resulting in a decrease in the return.
Write-back of tax received	110,892,572.91	67,038,256.22	65.42%	The export rebate received in the period increased from a year earlier
Other cash received in connection with business activities	25,388,923.86	73,527,737.20	-65.47%	Mainly due to the company received government subsidies and restricted reversal decreased year-on-year.
Taxes paid	80,120,060.82	159,372,262.81	-49.73%	Mainly due to the y-o-y decrease in the company's

				VAT payment during the period.
Other cash paid concerning operation activities	188,388,232.21	295,623,725.22	-36.27%	Mainly due to the y-o-y decrease in expenses of the company during the payment period.
Cash received from investment recovery	-	430,000,000.00	-100.00%	Mainly due to the company's entrusted financial management of the previous period to recover, but no such items occurred in this period.
Cash received from investment income	2,279,362.48	1,512,445.59	50.71%	Mainly due to the y-o-y increase in the investment income of the joint ventures received by the company during the period.
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	600.00	557,933.20	-99.89%	Mainly due to the y-o-y decrease in cash received by the company in the disposal of fixed assets and intangible assets in the current period.
Other cash received in connection with investment activities	39,748,651.98	30,122,236.60	31.96%	Mainly due to the y-o-y increase in the company's interest income during the period.
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	65,387,929.38	137,742,454.20	-52.53%	Mainly due to the y-o-y decrease in the purchase and construction of fixed assets of the company in the current period.
Cash paid for investments	150,000,000.00	424,000,000.00	-64.62%	Mainly due to the y-o-y decrease in the principal paid by the company for entrusted wealth management in the current period.
Other cash paid concerning investment activities	-	5,481,620.00	-100.00%	Mainly due to the loss of delivery of forward foreign exchange contracts of the previous period of the company, no such item occurred in this period.
Cash received from borrowing	976,420,210.00	470,219,380.02	107.65%	Mainly due to the y-o-y increase in loans obtained by the company during the period.
Cash paid for debt repayment	377,260,642.92	695,000,000.00	-45.72%	Mainly due to the y-o-y decrease in cash paid by the company for debt repayment in the current period.
Cash paid for dividend/profit distribution or interest expenses	23,019,861.96	35,295,622.65	-34.78%	Mainly due to the decrease in dividends paid by the company in the current period.
Other cash paid concerning financing activities	358,999.60	25,073,514.40	-98.57%	Mainly due to the limited use of the company's fund-raising deposits in the previous period, none in this period.

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

√ Applicable □ Not applicable

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

The Company implemented a private placement of A-share in year of 2016, totally 1,569,999,998.84 Yuan

raised, net money raised amounting to 1,540,732,722.76 Yuan after deducted vary issuance costs (tax included) 29,267,276.08 Yuan.

The resolutions of the 35th session of the 9th Board of Directors of the Company, the 18th session of the 9th Board of Supervisors of the Company, and the 2nd Extraordinary General Meeting of 2020 passed, and the independent directors consented, and the sponsor institution made unanimous verification opinions to agree the company to use the idle raised funds of not exceeding RMB 199 million to invest in the principal-protected financial products with high security, good liquidity and allotted time of single item not more than one year, the authorization period is valid for one year from the date of approval by the company's general meeting of shareholders. Up to now, the company is normatively using the raised funds to purchase bank financial product in accordance with the decision-making and relevant regulations and requirements.

As of 31 March 2020, the fund raising project of non-public stock issuance of 2016 has 1,010,048,884.54 yuan actually used in total, at the same time, the amount permanent supplementary working capital of the Company cumulatively as 432,609,413.91 yuan. Of which, during the reporting period, the fund raising used by the Company amounted to 28,932,773.05 yuan (including bank handling fee and cost of labor 235 yuan), the amount permanently supplements the working capital was 126,766,362.64 yuan. In addition, the specific account for fund raising gains a deposit interest of 398,140.81 yuan, the income from bank financial products on due with idle fund raising was 0 yuan. As of 31 March 2020, balance of the specific account for fund raising was 217,901,445.91 yuan (including interest income 3,451,161.54 yuan, income from bank financial products on due 35,730,920.38 yuan and the bank financial products of 1,500,000,000,000 yuan purchased by idle fund raising). more details are:

In RMB

Serial	Name	Total project investment	Proposed investment amount of raised funds	Accumulated investment amount (as of March 31, 2020)	Permanent replenishment the working capital	Balance of raised funds (including financing income and deposit interest income)
1	Construction of intelligent manufacturing project	39,870.65	39,100.00	296,366,258.29	-	133,721,577.30
1.1	Including: Intelligent Manufacturing (Hefei) project	27,870.65	27,100.00	251,686,803.48	-	56,150,268.08
1.2	Production line for the annual capacity of 2 million washing machines (Phase II)	12,000.00	12,000.00	44,679,454.81	-	77,571,309.22
2	Construction of intelligent R&D capability and new	55,900.00	55,900.00	397,800,962.48	126,766,362.64	84,179,868.61

	products development of the intelligent appliance technology					
3	Intelligent life project	32,076.00	32,000.00	45,001,600.00	305,843,051.27	0
4	Supplementary the floating capital	30,000.00	27,073.27	270,880,063.77	-	0
Total		157,846.65	154,073.27	1,010,048,884.54	432,609,413.91	217,901,445.91

Note 1: According to the plan for the use of raised funds approved by the shareholders' general meeting, the company has withdrawn the remaining funds raised and interest income from this "Intelligent life project" account, a total of 305,843,051.27 yuan, to permanently supplement the company's working capital on 26 July 2019, 19 August, and 11 October respectively. After the withdrawal, the remaining funds of the special account for the raised funds were 0 yuan, and the account was cancelled. At the same time, the company implemented the liquidation and cancellation of Changmei Technology Co., Ltd., the main body of the project, and is currently working on the liquidation and cancellation.

Note 2: According to the plan for the use of raised funds approved by the shareholders' general meeting, on January 15, 2020, the company withdrew the remaining raised funds, wealth management and interest income totaling 126,766,362.64 yuan after deducting the balance of the contract to be paid and the guarantee deposit from the "intelligent research and development project" account for permanent supplements of the company's working capital. After the withdrawal, the remaining funds of the special account of the raised funds would continue to be used to pay the contract balance and guarantee deposit.

(ii) Implementation for annual performance incentive fund

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

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

See details in "Implementation of the company's annual incentive fund" in "XV Implementation of the company's stock incentive plan, employee stock ownership plan, or other employee incentive measures" in "Section V Important Events" of the company's "2019 Annual Report" disclosed on 28 March 2020.

Up to the end of this reporting period, the company's stock purchased by some 2012 annual performance incentive objects (non-directors, supervisors and senior management), 2013 annual performance incentive objects (non-directors, supervisors and senior management), the 2014 annual performance incentive objects

(non-directors, supervisors and senior management) with their granted 2012 annual performance incentive funds and own funds and 2013 & 2014 annual performance incentive funds and own funds have been fully released for trading; the stock purchased by some 2016 annual performance incentive objects (non-directors, supervisors and senior management), with their granted 2016 annual performance incentive funds and own funds are expired for two years, 50% of the stock shall be released for trading, details of the share reduction for the above mentioned objects see below. In the Period, the Company's shares purchased by the current directors, supervisors and senior executives among the performance incentive targets due to the implementation of the 2012, 2013, 2014 and 2016 annual performance incentive plans have not reduced the shareholdings.

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

Ended as 31 March 2020, shares hold by all incentive objects amounting to 11,074,817 shares, a 1.0602 % in total share capital of the Company, including 9,384,924 A-share, a 0.8984% in total share capital and 1,689,893 B-share, a 0.1618% in total share capital of the Company. Other grantees of the 2012, 2013, 2014 and 2016 incentive plan (not being directors, supervisors and senior management) have reduced holding of 5,438,998 in aggregate, accounting for about 0.5207% of the total share capital and 125,400 shares are reduced in the reporting period.

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

The resolution of the 34th meeting of the 8th board of directors on August 9, 2017 and the second extraordinary general meeting of 2017 on September 12, 2017 approved and agreed the company to continue carry out the financial service cooperation with Sichuan Changhong Group Finance Co., Ltd. (hereinafter referred to as "Changhong Finance Company") and sign a triennial Financial Service Agreement. According to the "Proposal on Expected Continuous Related Transactions with Sichuan Changhong Group Finance Co., Ltd. in 2020" approved by the deliberations of the 31st session of the 9th Board of Directors, the 16th session of the 9th Board of Supervisors and the 4th Extraordinary General Meeting of 2019 of the Company, Changhong Finance Company provides a series of financial services such as deposits and loans within the scope of its business in accordance with the requirements of the Company and its subsidiaries. The related transactions between the company and its subsidiaries and Changhong Finance Company from the beginning of the year to the end of the reporting period are as follows:

In RMB

Item	Opening balance	Increase in this period	Decrease in this period	Ending balance	Interest, handling charge paid or received
I. Savings in Changhong Group Finance Company	3,702,382,630.38	9,362,019,060.80	10,317,554,648.25	2,746,847,042.93	24,236,057.29
II. Borrowings from Changhong Group Finance					

Item	Opening balance	Increase in this period	Decrease in this period	Ending balance	Interest, handling charge paid or received
Company					
1.Short-term loans					
2.Long-term loans					
III. Other financial business					
1.Notes drawing	999,585,345.49	318,892,949.99	486,624,547.81	831,853,747.67	165,497.35
2.Notes discounted	638,333,179.10	385,957,932.57	601,115,523.97	423,175,587.70	2,757,667.95

(iv) Other significant events

Overview	Date for disclosure	Information index for temporary report disclosure
According to the operation needs and capital management, the Company will recover all the remaining investment in advance, which are under the No. 135 directional assets management plan issued by Soochow Securities Co., Ltd. (hereinafter, Soochow Securities) subscribed in the earlier period.	2020-1-2	Juchao Website: http://www.cninfo.com.cn (No. 2019-094)
After deliberated and approved by BOD, BOS and extraordinary shareholders' general meeting, it is agreed that the Company will provide a credit guarantee to its wholly-owned and controlling subsidiaries with 3670 million yuan in total for year of 2020. The guarantee period for the newly added guarantee lines and the renewed guaranteed lines in the current year shall be one year.	2019-12-26 2020-1-11	Juchao Website: http://www.cninfo.com.cn (No. 2019-088, No. 2019-089, No. 2019-090, No. 2020-002)
After deliberated and approved by BOD, BOS and extraordinary shareholders' general meeting, it is agreed that the Company will complete the "Intelligent R&D project", and balance of the fund raised of 125,084,220.44 yuan (including interest income of financing and deposit 47,970,805.20 yuan) and the interest settled in the future are used to permanently supplement the working capital as of 30 November 2019. The specific amount shall be the actual amount after deducting the reservation contract balance payment and quality retention money from the special account on the day the fund is transferred out. Meanwhile, total of 114,368,326.60 yuan of the outstanding contract balance payment and quality retention money shall continue to be kept in the fund raising account and shall be paid as agreed in the contract.	2019-12-26 2020-1-11	Juchao Website: http://www.cninfo.com.cn (No. 2019-088, No. 2019-089, No. 2019-091, No. 2020-002)
After deliberated and approved by BOD, BOS and shareholders' general meeting, it is agreed that the Company and its subsidiaries shall use their own idle funds (1.3 billion yuan at most, and the line can be used in a rolling way) to invest in the bank financial products with high security, good liquidity, low risk and stability within one year, and the authorization period shall be valid for one year from the date of approval by the shareholders' general meeting.	2020-1-21	Juchao Website: http://www.cninfo.com.cn (No. 2020-003, No. 2020-004, No. 2020-009)
After deliberated and approved by BOD, BOS and shareholders' general meeting, it is	2020-1-21	Juchao Website:

agreed that the Company can use up to 199 million yuan of idle raised funds (the amount can be used on a rolling basis) to invest in a capital-guaranteed financial products with high security, good liquidity and a single product period of no more than one year, the authorization period shall be valid within one year from the date of approval by the shareholders' general meeting.		http://www.cninfo.com.cn (No. 2020-003, No. 2020-004, No. 2020-006)
During the reporting period, the Company purchased the principal-guaranteed financial products of Chengdu Branch of Bohai Bank Co., Ltd with idle raised funds of 100 million yuan.	2020-2-21	Juchao Website: http://www.cninfo.com.cn (No. 2020-010)
During the reporting period, the Company purchased the principal-guaranteed financial products of Mianyang Economic Development Zone Branch of Bank of China Co., Ltd with idle raised funds of 50 million yuan.	2020-3-11	Juchao Website: http://www.cninfo.com.cn (No. 2020-011)
After deliberated and approved by BOD, it is agreed that the Company and its subsidiary shall carry out forward foreign exchange capital trading business from 1 July 2020 to 30 June 2021, with a business transaction balance not exceeding US\$650 million (mainly including US dollars, Australian dollars and Euros, and all other foreign exchange converted into US dollars), the longest period of a single business delivery is not more than one year. This matter still needs to be submitted for deliberation and approval from AGM of the Company.	2020-3-28	Juchao Website: http://www.cninfo.com.cn (No. 2020-012, No. 2020-017)
After deliberated and approved by BOD, it is agreed that the Company and its wholly-owned subsidiary Sichuan Changhong Air Conditioning Co., Ltd. (hereinafter the Changhong AC) will jointly increase the capital of 150 million yuan to Zhongshan Changhong with their own funds according to the current shareholding ratio, of which the capital increase of the Company is 135 million yuan and the capital increase of Changhong AC is 15 million yuan. The capital increase matters still need to be submitted for deliberation and approval from shareholders' general meeting of the Company without approval of other external departments.	2020-3-28	Juchao Website: http://www.cninfo.com.cn (No. 2020-012, No. 2020-018)
After deliberated and approved by BOD and BOS, it is agreed that the Company will increase the credit guarantee line of no more than 30 million yuan to Zhongke Meiling with period of one year for day-to-day production and operation. The guarantee matter shall be submitted for deliberation and approval from shareholders' general meeting of the Company.	2020-3-28	Juchao Website: http://www.cninfo.com.cn (No. 2020-012, No. 2020-013, No. 2020-019)
After deliberated and approved by BOD, it is agreed that the Company applies for a special credit line of up to 700 million yuan for bill pool from Hefei Luyang Branch of China Construction Bank Co., Ltd with a credit period of two years. Type of credit is mainly used for the special business of the bill pool with bill pledge means. This matter still needs to be submitted for deliberation and approval from AGM of the Company.	2020-3-28	Juchao Website: http://www.cninfo.com.cn (No. 2020-012, No. 2020-020)
After deliberated and approved by BOD, it is agreed to continue appointing the Shine Wing Certified Public Accountants (LLP) as the auditing institution of the financial report and internal control of the Company for 2020 for a period of one year. Meanwhile, request the shareholders' general meeting to authorize the management of the Company to determine its annual audit charges according to the industry standards and actual works of the audit. This matter still needs to be submitted for deliberation	2020-3-28	Juchao Website: http://www.cninfo.com.cn (No. 2020-012, No. 2020-015)

and approval from AGM of the Company.		
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(v) Implementation progress of shares buy-back
 Applicable Not applicable
(vi) Implementation progress of the reduction of repurchases shares by centralized bidding
 Applicable Not applicable
III. Commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies
 Applicable Not applicable

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

IV. Forecast of operation performance from Jan. – June of 2020

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

 Applicable Not applicable
V. Securities Investment
 Applicable Not applicable

No security investment in Period.

VI. Trust financing
 Applicable Not applicable

In 10 thousand Yuan

Type	Capital resources	Amount for entrust	Undue balance	Overdue amount
Bank financing products	Raised funds	15,000	15,000	0
Total		15,000	15,000	0

Details of the single major amount, or high-risk trust investment with low security, poor fluidity and non-guaranteed:

 Applicable Not applicable

In 10 thousand Yuan

Trustee institution (or name of trustee)	Trustee type	Product type	Amount	Source of funds	Start date	Expiry date	Capital investment purpose	Criteria for fixing reward	Reference annual rate of return	Anticipated income (if applicable)	Actual gains/losses in period	Actual collected gains/losses in period	Amount of reserve for devaluation of withdrawing (if applicable)	Whether approved by legal procedure (Y/N)	Whether has entrust finance plan in the future	Summary of the items and related query index (if applicable)
Chengdu Branch of Bohai Bank Co., Ltd	Bank	Principal-guaranteed with floating income	10,000	Idle raised funds	2020-2-21	2020-5-25	The structured deposit product, the structural derivatives tied with the 3-month interbank lending rate in London (Libor)	Annualized returns: 3.80%	3.80%	99.22	-	-	N/A	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Notice No.: 2020-010)
Mianyang Branch of Bank of China Limited	Bank	Guaranteed minimum income	5,000	Idle raised funds	2020-3-10	2020-6-10	The structured deposit product, the spot rate of the US dollar against the Swiss franc is taken from the quotation of US dollar against the Swiss franc taken by EBS (Interbank Electronic Trading System) between 5 a.m. Sydney time every Monday and 5 p.m. New York time every Friday.	Annualized returns: 3.60%	3.60%	46.00	-	-	N/A	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Notice No.: 2020-011)
Total			15,000	--	--	--	--	--	--	145.22	0.00	--	--	--	--	--

Entrust financial expected to be unable to recover the principal or impairment might be occurred

Applicable Not applicable

VII. Derivative investment

Applicable Not applicable

In 10 thousand Yuan

Operator	Related relationship	Whether related trade or not	Type	Initial investment	Start date	End date	Investment amount at period-begin	Amount purchased in the reporting period	Amount sales in the reporting period	Amount of reserve for devaluation of withdrawal (if applicable)	Investment amount at period-end	Ratio of investment amount at period-end in net assets of the Company at period-end	Actual gains/losses in period
Financial institution	N/A	No	Forward foreign exchange contract	118,035.04	2019-6-28	2020-12-22	73,225.52	44,809.51	47,527.30	-	69,745.19	14.74%	762.55
Total				118,035.04	--	--	73,225.52	44,809.51	47,527.30	-	69,745.19	14.74%	762.55
Capital resource				Self-owned capital									
Lawsuit involved (if applicable)				Not applicable									
Disclosure date for approval from the Board for investment of derivatives (if applicable)				2019-3-29									
Disclosure date for approval from board of shareholders for investment of derivatives (if applicable)				2019-5-22									

<p>Risk analysis and controlling measures for derivatives holdings in the Period (including but not limited to market risk, liquidity risk, credit risks, operation risk and law risks etc.)</p>	<p>Risk analysis:</p> <ol style="list-style-type: none"> 1. Market risk: domestic and international economic situation changes may lead to exchange rate fluctuations, forward foreign exchange transactions are under certain market risk. Forward foreign exchange business is aiming to reducing impact on corporate profits by foreign exchange settlement and sale prices, exchange rate fluctuations. The Company will follow up the exchange fluctuation, on the basis of target rate determined from the business, relying on the research of the foreign currency exchange rates, combined with prediction of consignments, and burdening ability to price variations due to exchange rate fluctuations, then determine the plan of forward foreign exchange contracts, and make dynamic management to the business, to ensure reasonable profit level. 2. Liquidity risk: all foreign exchange transactions are based on a reasonable estimate of the future import and export business, to meet the requirements of the trade authenticity. In addition, forward foreign exchange transactions are processed with bank credit, will not affect liquidity of company funds. 3. Bank default risk: if cooperative banks collapse within the contract time, the Company will not be able to transact the original foreign exchange contracts with contract price, which leads the risk of income uncertainty. So the Company chose Bank of China, Agricultural Bank of China, Industrial and Commercial Bank of China, China Construction Bank and other chines e-funded banks with a joint-stock system as Everbright and Industrial Bank, as well as the foreign-funded banks as UOB, Oversea Chinese Bank and the Bank of East Asia etc. to conduct the trading of foreign exchange capital. These banks share a solid strength and management whose failure and the risk of loss may bring to the Company is very low. 4. Operational risk: improper operation of the person in charge of forward foreign exchange transactions may cause related risk also. The Company has formulated related management system which defines the operation process and responsibility to prevent and control risks. 5. The legal risks: unclear terms based in contract signed with banks for related transactions may lead legal risks when forward foreign exchange transactions are processing. The Company will strengthen legal review, and choose good bank to carry out this kind of business as to risk control.
<p>Risk analysis and controlling measures for derivatives holdings in the Period (including but not limited to market risk, liquidity risk, credit risks, operation risk and law risks etc.)</p>	<p>The Company determines fair value in accordance with the Chapter VII “Determination of Fair Value” carried in the Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments. Fair-value is basically obtained according to prices offered by bank and other pricing services. While fair-value of derivatives is mainly obtained according to the balance between prices given by outstanding contracts and forward prices given by contracts signed during the reporting period with bank. The differences are identified as trading financial assets and liabilities. During the reporting period, forward foreign exchange profit and loss of the Company is RMB 7,625,500.</p>
<p>Specific principle of the accounting policy and calculation for derivatives in the Period compared with last period in aspect of major changes</p>	<p>Not applicable</p>

Special opinion on derivative investment and risk control by independent directors	<p>Upon inspection, we believe that: During the reporting period, the Company carried out its foreign exchange forward deals in strict compliance with the standardized operation guidelines for listed issuer issued by Shenzhen Stock Exchange, the Articles of Association, Authorization Management of the Company, Management System in relating to Foreign Exchange Forward Deals of Changhong Meiling Co., Ltd., and these deals were conducted within the authorization scope under general meeting and board meeting. The Company conducts no foreign exchange transactions on the purpose of getting profit only, all of the forward foreign exchange transactions are operated based on normal operating and production, which is relying on specific business operations with purpose of avoiding the preventing the risks in exchange rate. The forward foreign exchange transactions of the Company is related with the routine operation needs of the Company are beneficial to prevent the exchange risks exposed by import and export business and thus met its requirement for operation development. There was no speculative operation, no break of relevant rules and regulations and relevant business was conducted under corresponding decision-making procedures. Interests of the Company and entire shareholders, especially minority shareholders, were not prejudiced.</p>
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VIII. Registration form for receiving research, communication and interview in the report period

Applicable Not applicable

The Company had no receiving research, communication or interview in the report period.

IX. Guarantee outside against the regulation

Applicable Not applicable

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

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

Applicable Not applicable

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

Section IV. Financial Statement

I. Financial statement

1. Consolidate balance sheet

Prepared by Changhong Meiling Co., Ltd.

In RMB

Items	2020-3-31	2019-12-31
Current assets:		
Monetary fund	4,882,859,840.95	5,499,601,030.64
Settlement provisions		
Capital lent		
Trading financial assets	6,364,166.63	7,730,268.92
Derivative financial assets		
Note receivable	1,240,758,237.17	1,865,165,499.50
Account receivable	1,637,290,986.80	1,387,961,981.66
Receivable financing		
Accounts paid in advance	78,439,029.82	25,270,406.37
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	104,178,485.83	97,241,894.80
Including: Interest receivable	14,693,117.79	9,510,208.63
Dividend receivable	-	661,434.48
Buying back the sale of financial assets		
Inventories	1,830,086,308.07	1,460,910,189.06
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	237,637,798.24	63,604,031.96

Total current assets	10,017,614,853.51	10,407,485,302.91
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment	85,942,081.95	88,556,511.70
Investment in other equity instrument		
Other non-current financial assets	45,000,000.00	45,000,000.00
Investment real estate	95,457,633.37	96,343,760.13
Fixed assets	2,147,214,232.73	2,180,572,946.87
Construction in progress	267,284,695.07	252,494,792.31
Productive biological asset		
Oil and gas asset		
Right-of-use assets		
Intangible assets	952,952,239.82	933,248,463.84
Expense on Research and Development	75,425,499.82	101,078,659.57
Goodwill		
Long-term expenses to be apportioned		
Deferred income tax asset	105,550,134.04	97,453,178.14
Other non-current asset		
Total non-current asset	3,774,826,516.80	3,794,748,312.56
Total assets	13,792,441,370.31	14,202,233,615.47
Current liabilities:		
Short-term loans	1,608,643,732.12	1,103,991,045.96
Loan from central bank		
Capital borrowed		
Trading financial liability	3,755,882.63	1,081,534.93
Derivative financial liability		
Note payable	2,962,055,820.54	3,490,271,482.40
Account payable	2,279,637,384.89	2,343,116,374.58

Accounts received in advance		425,149,194.97
Contractual liability	383,304,119.83	
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	125,222,435.70	196,507,174.68
Taxes payable	29,339,909.58	68,558,391.66
Other account payable	724,844,325.96	689,477,603.21
Including: Interest payable	5,310,750.29	12,340,385.61
Dividend payable	3,579,491.94	3,579,491.94
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	1,587,746.72	1,708,193.90
Other current liabilities		
Total current liabilities	8,118,391,357.97	8,319,860,996.29
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	499,280,000.00	401,280,000.00
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable	3,067,489.41	3,016,921.44
Long-term wages payable	12,563,012.23	13,774,110.61
Accrual liability	144,428,338.86	166,099,143.97
Deferred income	181,190,990.64	179,970,971.92
Deferred income tax liabilities	5,324,787.11	6,256,759.14
Other non-current liabilities		

Total non-current liabilities	845,854,618.25	770,397,907.08
Total liabilities	8,964,245,976.22	9,090,258,903.37
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	2,684,366,619.10	2,684,366,619.10
Less: Inventory shares		
Other comprehensive income	-23,575,203.35	-18,931,430.36
Reasonable reserve		
Surplus public reserve	410,786,860.20	410,786,860.20
Provision of general risk		
Retained profit	614,119,618.75	884,127,743.42
Total owner's equity attributable to parent company	4,730,295,775.70	5,004,947,673.36
Minority interests	97,899,618.39	107,027,038.74
Total owner's equity	4,828,195,394.09	5,111,974,712.10
Total liabilities and owner's equity	13,792,441,370.31	14,202,233,615.47

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

2. Balance Sheet of Parent Company

In RMB

Item	2020-3-31	2019-12-31
Current assets:		
Monetary funds	3,924,871,911.39	4,040,632,437.18
Trading financial assets	5,325,998.00	5,967,556.00
Derivative financial assets		
Note receivable	1,046,047,812.80	1,722,707,248.74

Account receivable	1,413,288,673.24	1,158,563,389.33
Receivable financing		
Accounts paid in advance	84,102,893.69	34,374,932.07
Other account receivable	41,742,662.90	41,964,639.42
Including: Interest receivable	13,395,491.25	7,880,186.85
Dividend receivable	-	661,434.48
Inventories	423,373,756.82	339,728,296.66
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	154,470,915.67	11,930,690.86
Total current assets	7,093,224,624.51	7,355,869,190.26
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	1,698,744,114.99	1,698,744,114.99
Investment in other equity instrument		
Other non-current financial assets	45,000,000.00	45,000,000.00
Investment real estate	7,228,307.83	7,314,721.80
Fixed assets	1,116,125,789.03	1,138,092,635.67
Construction in progress	134,687,477.84	106,575,581.28
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	497,240,869.94	483,887,751.05
Research and development costs	34,501,060.86	56,295,271.74
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	85,146,759.60	77,849,317.77
Other non-current assets		
Total non-current assets	3,618,674,380.09	3,613,759,394.30

Total assets	10,711,899,004.60	10,969,628,584.56
Current liabilities		
Short-term borrowings	1,255,000,000.00	1,009,757,944.82
Trading financial liability	3,584,866.30	1,016,052.00
Derivative financial liability		
Notes payable	1,867,320,003.85	1,936,867,907.42
Account payable	1,111,671,463.42	1,497,704,307.48
Accounts received in advance		147,365,864.56
Contractual liability	136,433,267.64	
Wage payable	19,786,202.12	39,633,867.87
Taxes payable	12,990,681.34	20,427,731.13
Other accounts payable	450,948,036.99	520,559,494.30
Including: Interest payable	4,316,007.40	13,175,235.76
Dividend payable	3,579,491.94	3,579,491.94
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	4,857,734,521.66	5,173,333,169.58
Non-current liabilities:		
Long-term loans	499,280,000.00	401,280,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable	12,563,012.23	13,774,110.61
Accrued liabilities	137,071,514.10	158,742,319.21
Deferred income	71,011,372.14	67,664,815.53
Deferred income tax liabilities	261,169.76	742,725.60
Other non-current liabilities		
Total non-current liabilities	720,187,068.23	642,203,970.95

Total liabilities	5,577,921,589.89	5,815,537,140.53
Owners' equity:		
Share capital	1,044,597,881.00	1,044,597,881.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	2,753,017,007.10	2,753,017,007.10
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	410,568,694.52	410,568,694.52
Retained profit	925,793,832.09	945,907,861.41
Total owner's equity	5,133,977,414.71	5,154,091,444.03
Total liabilities and owner's equity	10,711,899,004.60	10,969,628,584.56

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

3. Consolidated Profit Statement

In RMB

Item	Current period	Last period
I. Total operating income	2,281,578,242.02	4,222,693,607.41
Including: Operating income	2,281,578,242.02	4,222,693,607.41
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	2,534,145,650.00	4,181,088,607.59
Including: Operating cost	1,991,759,544.67	3,378,498,741.74
Interest expense		
Commission charge and commission expense		

Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	18,907,987.65	41,279,976.29
Sales expense	371,060,681.20	613,574,029.12
Administrative expense	66,823,587.40	83,140,320.57
R&D expense	81,217,573.94	52,209,017.77
Financial expense	4,376,275.14	12,386,522.10
Including: Interest expenses	21,823,849.54	27,122,066.28
Interest income	36,615,193.00	25,211,309.83
Add: other income	10,962,097.40	15,924,209.49
Investment income (Loss is listed with “-”)	7,493,976.04	-3,294,794.60
Including: Investment income on affiliated company and joint venture	-131,480.96	2,406,312.81
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 “-”)	-3,935,681.27	17,239,305.01
Loss of credit impairment (Loss is listed with “-”)	-33,262,321.33	4,348,457.12
Losses of devaluation of asset (Loss is listed with “-”)	-15,425,929.32	-8,114,711.29
Income from assets disposal (Loss is listed with “-”)	262,008.65	-786,764.45
III. Operating profit (Loss is listed with “-”)	-286,473,257.81	66,920,701.10

Add: Non-operating income	1,226,885.79	1,031,286.96
Less: Non-operating expense	509,324.06	1,901,268.37
IV. Total profit (Loss is listed with “-”)	-285,755,696.08	66,050,719.69
Less: Income tax expense	-6,990,752.22	10,546,657.77
V. Net profit (Net loss is listed with “-”)	-278,764,943.86	55,504,061.92
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with ‘-’)	-278,764,943.86	55,504,061.92
2.termination of net profit (net loss listed with ‘-’)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	-270,008,124.67	60,526,575.53
2.Minority shareholders’ gains and losses	-8,756,819.19	-5,022,513.61
VI. Net after-tax of other comprehensive income	-5,014,374.15	-2,085,506.09
Net after-tax of other comprehensive income attributable to owners of parent company	-4,643,772.99	-1,048,132.75
(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	-4,643,772.99	-1,048,132.75

1. Other comprehensive income under equity method that can transfer to gain/loss		
2. Change of fair value of other debt investment		
3. Amount of financial assets re-classify to other comprehensive income		
4. Credit impairment provision for other debt investment		
5. Cash flow hedging reserve		
6. Translation differences arising on translation of foreign currency financial statements	-4,643,772.99	-1,048,132.75
7. Other		
Net after-tax of other comprehensive income attributable to minority shareholders	-370,601.16	-1,037,373.34
VII. Total comprehensive income	-283,779,318.01	53,418,555.83
Total comprehensive income attributable to owners of parent Company	-274,651,897.66	59,478,442.78
Total comprehensive income attributable to minority shareholders	-9,127,420.35	-6,059,886.95
VIII. Earnings per share:		
(i) Basic earnings per share	-0.2585	0.0579
(ii) Diluted earnings per share	-0.2585	0.0579

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

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

4. Profit Statement of Parent Company

In RMB

Item	Current period	Last period
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I. Operating income	1,281,482,775.64	2,235,042,419.73
Less: Operating cost	1,184,575,349.81	1,952,295,548.80
Taxes and surcharge	11,663,936.82	22,080,703.51
Sales expenses	33,721,660.12	182,856,903.44
Administration expenses	27,845,465.65	33,905,037.20
R&D expenses	36,443,568.44	22,605,067.51
Financial expenses	-3,083,596.30	3,903,872.42
Including: interest expenses	18,493,137.60	19,232,245.83
Interest income	29,941,251.74	15,126,621.45
Add: other income	4,057,643.39	6,673,926.51
Investment income (Loss is listed with “-”)	5,887,302.00	1,728.66
Including: Investment income on affiliated Company and joint venture	-	3,970,903.07
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 “-”)	-3,210,372.30	5,211,659.64
Loss of credit impairment (Loss is listed with “-”)	-22,678,326.56	4,032,480.31
Losses of devaluation of asset (Loss is listed with “-”)	-2,385,899.85	-3,052,384.53
Income on disposal of assets (Loss is listed with “-”)	-4,964.88	-645,262.95
II. Operating profit (Loss is listed with “-”)	-28,018,227.10	29,617,434.49
Add: Non-operating income	125,200.11	188,670.00
Less: Non-operating expense	-	-
III. Total Profit (Loss is listed with “-”)	-27,893,026.99	29,806,104.49
Less: Income tax	-7,778,997.67	2,167,930.63
IV. Net profit (Net loss is listed with “-”)	-20,114,029.32	27,638,173.86

(i)continuous operating net profit (net loss listed with ‘-’)	-20,114,029.32	27,638,173.86
(ii) termination of net profit (net loss listed with ‘-’)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		

VI. Total comprehensive income	-20,114,029.32	27,638,173.86
VII. Earnings per share:		
(i) Basic earnings per share	-0.0193	0.0265
(ii) Diluted earnings per share	-0.0193	0.0265

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

5. Consolidated Cash Flow Statement

In RMB

Item	Current period	Last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	2,514,448,244.56	3,904,690,858.42
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	110,892,572.91	67,038,256.22
Other cash received concerning operating activities	25,388,923.86	73,527,737.20
Subtotal of cash inflow arising from operating activities	2,650,729,741.33	4,045,256,851.84
Cash paid for purchasing commodities and receiving labor service	3,028,183,707.21	4,065,487,408.62
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	357,488,873.85	446,317,342.30
Taxes paid	80,120,060.82	159,372,262.81
Other cash paid concerning operating activities	188,388,232.21	295,623,725.22
Subtotal of cash outflow arising from operating activities	3,654,180,874.09	4,966,800,738.95
Net cash flows arising from operating activities	-1,003,451,132.76	-921,543,887.11
II. Cash flows arising from investing activities:		
Cash received from recovering investment	-	430,000,000.00
Cash received from investment income	2,279,362.48	1,512,445.59
Net cash received from disposal of fixed, intangible and other long-term assets	600.00	557,933.20
Net cash received from disposal of subsidiaries and other units		

Other cash received concerning investing activities	39,748,651.98	30,122,236.60
Subtotal of cash inflow from investing activities	42,028,614.46	462,192,615.39
Cash paid for purchasing fixed, intangible and other long-term assets	65,387,929.38	137,742,454.20
Cash paid for investment	150,000,000.00	424,000,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	-	5,481,620.00
Subtotal of cash outflow from investing activities	215,387,929.38	567,224,074.20
Net cash flows arising from investing activities	-173,359,314.92	-105,031,458.81
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	976,420,210.00	470,219,380.02
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	976,420,210.00	470,219,380.02
Cash paid for settling debts	377,260,642.92	695,000,000.00
Cash paid for dividend and profit distributing or interest paying	23,019,861.96	35,295,622.65
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	358,999.60	25,073,514.40
Subtotal of cash outflow from financing activities	400,639,504.48	755,369,137.05

Net cash flows arising from financing activities	575,780,705.52	-285,149,757.03
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-3,198,606.93	-7,529,242.84
V. Net increase of cash and cash equivalents	-604,228,349.09	-1,319,254,345.79
Add: Balance of cash and cash equivalents at the period -begin	5,385,807,475.51	4,484,643,187.93
VI. Balance of cash and cash equivalents at the period -end	4,781,579,126.42	3,165,388,842.14

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

6. Cash Flow Statement of Parent Company

In RMB

Item	Current period	Last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	1,503,481,532.94	2,044,451,401.10
Write-back of tax received	68,849,689.93	34,183,811.93
Other cash received concerning operating activities	7,674,946.80	14,223,467.81
Subtotal of cash inflow arising from operating activities	1,580,006,169.67	2,092,858,680.84
Cash paid for purchasing commodities and receiving labor service	1,611,391,194.70	2,460,080,220.15
Cash paid to/for staff and workers	92,574,310.37	146,712,285.95
Taxes paid	19,950,761.92	27,729,284.95
Other cash paid concerning operating activities	83,323,378.97	105,382,944.46

Subtotal of cash outflow arising from operating activities	1,807,239,645.96	2,739,904,735.51
Net cash flows arising from operating activities	-227,233,476.29	-647,046,054.67
II. Cash flows arising from investing activities:		
Cash received from recovering investment	-	430,000,000.00
Cash received from investment income	661,434.48	1,512,445.59
Net cash received from disposal of fixed, intangible and other long-term assets	-	500,000.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	30,225,918.40	208,059,288.34
Subtotal of cash inflow from investing activities	30,887,352.88	640,071,733.93
Cash paid for purchasing fixed, intangible and other long-term assets	37,868,399.94	54,735,486.93
Cash paid for investment	150,000,000.00	430,000,000.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	-	55,481,620.00
Subtotal of cash outflow from investing activities	187,868,399.94	540,217,106.93
Net cash flows arising from investing activities	-156,981,047.06	99,854,627.00
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	699,899,950.00	289,000,000.00
Other cash received concerning financing activities	5,230,480.90	31,346,756.76

Subtotal of cash inflow from financing activities	705,130,430.90	320,346,756.76
Cash paid for settling debts	359,757,944.82	655,000,000.00
Cash paid for dividend and profit distributing or interest paying	20,706,333.52	32,672,266.77
Other cash paid concerning financing activities	56,113,405.64	114,243,780.75
Subtotal of cash outflow from financing activities	436,577,683.98	801,916,047.52
Net cash flows arising from financing activities	268,552,746.92	-481,569,290.76
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-98,749.36	-4,061,294.11
V. Net increase of cash and cash equivalents	-115,760,525.79	-1,032,822,012.54
Add: Balance of cash and cash equivalents at the period -begin	4,017,400,437.18	2,894,384,811.05
VI. Balance of cash and cash equivalents at the period -end	3,901,639,911.39	1,861,562,798.51

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

II. Explanation on financial statement adjustment

1. Financial statement adjustment at the beginning of the first year when implementation of new revenue rules and new leasing rules from 2020

Applicable Not applicable

(1) Consolidate balance sheet

In RMB

Item	2019-12-31	2020-01-01	Adjustment amount
Current assets:			
Monetary fund	5,499,601,030.64	5,499,601,030.64	
Settlement provisions			

Capital lent			
Trading financial assets	7,730,268.92	7,730,268.92	
Derivative financial assets			
Note receivable	1,865,165,499.50	1,865,165,499.50	
Account receivable	1,387,961,981.66	1,387,961,981.66	
Receivable financing			
Accounts paid in advance	25,270,406.37	25,270,406.37	
Insurance receivable			
Reinsurance receivables			
Contract reserve of reinsurance receivable			
Other account receivable	97,241,894.80	97,241,894.80	
Including: Interest receivable	9,510,208.63	9,510,208.63	
Dividend receivable	661,434.48	661,434.48	
Buying back the sale of financial assets			
Inventories	1,460,910,189.06	1,460,910,189.06	
Contractual assets			
Assets held for sale			
Non-current asset due within one year			
Other current assets	63,604,031.96	63,604,031.96	
Total current assets	10,407,485,302.91	10,407,485,302.91	
Non-current assets:			
Loans and payments on behalf			
Debt investment			
Other debt investment			
Long-term account receivable			

Long-term equity investment	88,556,511.70	88,556,511.70	
Investment in other equity instrument			
Other non-current financial assets	45,000,000.00	45,000,000.00	
Investment real estate	96,343,760.13	96,343,760.13	
Fixed assets	2,180,572,946.87	2,180,572,946.87	
Construction in progress	252,494,792.31	252,494,792.31	
Productive biological asset			
Oil and gas asset			
Right-of-use assets			
Intangible assets	933,248,463.84	933,248,463.84	
Expense on Research and Development	101,078,659.57	101,078,659.57	
Goodwill			
Long-term expenses to be apportioned			
Deferred income tax asset	97,453,178.14	97,453,178.14	
Other non-current asset			
Total non-current asset	3,794,748,312.56	3,794,748,312.56	
Total assets	14,202,233,615.47	14,202,233,615.47	
Current liabilities:			
Short-term loans	1,103,991,045.96	1,103,991,045.96	
Loan from central bank			
Capital borrowed			
Trading financial liability	1,081,534.93	1,081,534.93	
Derivative financial liability			
Note payable	3,490,271,482.40	3,490,271,482.40	
Account payable	2,343,116,374.58	2,343,116,374.58	
Accounts received in advance	425,149,194.97		-425,149,194.97

Contractual liability		425,149,194.97	425,149,194.97
Selling financial asset of repurchase			
Absorbing deposit and interbank deposit			
Security trading of agency			
Security sales of agency			
Wage payable	196,507,174.68	196,507,174.68	
Taxes payable	68,558,391.66	68,558,391.66	
Other account payable	689,477,603.21	689,477,603.21	
Including: Interest payable	12,340,385.61	12,340,385.61	
Dividend payable	3,579,491.94	3,579,491.94	
Commission charge and commission payable			
Reinsurance payable			
Liability held for sale			
Non-current liabilities due within one year	1,708,193.90	1,708,193.90	
Other current liabilities			
Total current liabilities	8,319,860,996.29	8,319,860,996.29	
Non-current liabilities:			
Insurance contract reserve			
Long-term loans	401,280,000.00	401,280,000.00	
Bonds payable			
Including: Preferred stock			
Perpetual capital securities			
Lease liability			
Long-term account payable	3,016,921.44	3,016,921.44	
Long-term wages payable	13,774,110.61	13,774,110.61	
Accrual liability	166,099,143.97	166,099,143.97	

Deferred income	179,970,971.92	179,970,971.92	
Deferred income tax liabilities	6,256,759.14	6,256,759.14	
Other non-current liabilities			
Total non-current liabilities	770,397,907.08	770,397,907.08	
Total liabilities	9,090,258,903.37	9,090,258,903.37	
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	2,684,366,619.10	2,684,366,619.10	
Less: Inventory shares			
Other comprehensive income	-18,931,430.36	-18,931,430.36	
Reasonable reserve			
Surplus public reserve	410,786,860.20	410,786,860.20	
Provision of general risk			
Retained profit	884,127,743.42	884,127,743.42	
Total owner's equity attributable to parent company	5,004,947,673.36	5,004,947,673.36	
Minority interests	107,027,038.74	107,027,038.74	
Total owner's equity	5,111,974,712.10	5,111,974,712.10	
Total liabilities and owner's equity	14,202,233,615.47	14,202,233,615.47	

Statement of adjustment:

The Company implemented the Accounting Standards for Business Enterprise No.14- Revenue (Cai Kuai [2017] No.22) since 1 January 2020, the "Accounts received in advance" will list as "Contractual liability".

(2) Balance Sheet of Parent Company

In RMB

Item	2019-12-31	2020-01-01	Adjustment amount
Current assets:			

Monetary funds	4,040,632,437.18	4,040,632,437.18	
Trading financial assets	5,967,556.00	5,967,556.00	
Derivative financial assets			
Note receivable	1,722,707,248.74	1,722,707,248.74	
Account receivable	1,158,563,389.33	1,158,563,389.33	
Receivable financing			
Accounts paid in advance	34,374,932.07	34,374,932.07	
Other account receivable	41,964,639.42	41,964,639.42	
Including: Interest receivable	7,880,186.85	7,880,186.85	
Dividend receivable	661,434.48	661,434.48	
Inventories	339,728,296.66	339,728,296.66	
Contractual assets			
Assets held for sale			
Non-current assets maturing within one year			
Other current assets	11,930,690.86	11,930,690.86	
Total current assets	7,355,869,190.26	7,355,869,190.26	
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investments	1,698,744,114.99	1,698,744,114.99	
Investment in other equity instrument			
Other non-current financial assets	45,000,000.00	45,000,000.00	
Investment real estate	7,314,721.80	7,314,721.80	
Fixed assets	1,138,092,635.67	1,138,092,635.67	
Construction in progress	106,575,581.28	106,575,581.28	

Productive biological assets			
Oil and natural gas assets			
Right-of-use assets			
Intangible assets	483,887,751.05	483,887,751.05	
Research and development costs	56,295,271.74	56,295,271.74	
Goodwill			
Long-term deferred expenses			
Deferred income tax assets	77,849,317.77	77,849,317.77	
Other non-current assets			
Total non-current assets	3,613,759,394.30	3,613,759,394.30	
Total assets	10,969,628,584.56	10,969,628,584.56	
Current liabilities			
Short-term borrowings	1,009,757,944.82	1,009,757,944.82	
Trading financial liability	1,016,052.00	1,016,052.00	
Derivative financial liability			
Notes payable	1,936,867,907.42	1,936,867,907.42	
Account payable	1,497,704,307.48	1,497,704,307.48	
Accounts received in advance	147,365,864.56		-147,365,864.56
Contractual liability		147,365,864.56	147,365,864.56
Wage payable	39,633,867.87	39,633,867.87	
Taxes payable	20,427,731.13	20,427,731.13	
Other accounts payable	520,559,494.30	520,559,494.30	
Including: Interest payable	13,175,235.76	13,175,235.76	
Dividend payable	3,579,491.94	3,579,491.94	
Liability held for sale			

Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	5,173,333,169.58	5,173,333,169.58	
Non-current liabilities:			
Long-term loans	401,280,000.00	401,280,000.00	
Bonds payable			
Including: preferred stock			
Perpetual capital securities			
Lease liability			
Long-term account payable			
Long term employee compensation payable	13,774,110.61	13,774,110.61	
Accrued liabilities	158,742,319.21	158,742,319.21	
Deferred income	67,664,815.53	67,664,815.53	
Deferred income tax liabilities	742,725.60	742,725.60	
Other non-current liabilities			
Total non-current liabilities	642,203,970.95	642,203,970.95	
Total liabilities	5,815,537,140.53	5,815,537,140.53	
Owners' equity:			
Share capital	1,044,597,881.00	1,044,597,881.00	
Other equity instrument			
Including: preferred stock			
Perpetual capital securities			
Capital public reserve	2,753,017,007.10	2,753,017,007.10	
Less: Inventory shares			
Other comprehensive income			
Special reserve			

Surplus reserve	410,568,694.52	410,568,694.52	
Retained profit	945,907,861.41	945,907,861.41	
Total owner's equity	5,154,091,444.03	5,154,091,444.03	
Total liabilities and owner's equity	10,969,628,584.56	10,969,628,584.56	

Statement of adjustment

The Company implemented the Accounting Standards for Business Enterprise No.14- Revenue (Cai Kuai [2017] No.22) since 1 January 2020, the “Accounts received in advance” will list as “Contractual liability”.

2. Retrospective adjustment of the comparative data for initial implementation of new revenue rules and new leasing rules from 2020

Applicable Not applicable

III. Audit report

Whether the Q1 report has been audited or not

Yes No

The Q1 report of the Company has not been audited.

Changhong Meiling Co., Ltd.

Chairman: Wu Dinggang

18 April 2020