

# 长虹美菱股份有限公司

CHANGHONG MEILING CO., LTD.

**MELING** 美菱

二〇二〇年年度报告  
Annual Report 2020

## Section I. Important Notice, Contents and Interpretation

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

Mr. Wu Dinggang, Chairman of the Company, Mr. Pang Haitao, person in charge of accounting work and Mr. Yang Jun, person in charge of accounting organ (accountant in charge) hereby confirm that the Financial Report of 2020 Annual Report is authentic, accurate and complete.

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

All the directors attended the board meeting to deliberating the Report on site and by communication.

Modified audit opinions notes

Applicable  Not applicable

Shine Wing Certified Public Accountants Co., Ltd. (LLP) issued standard unqualified Auditors' Report for the Company's Financial Report of 2020.

Major defects in internal control

Applicable  Not applicable

The Company had no major defects in internal control in the reporting period.

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

Applicable  Not applicable

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

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

More details about the possible risks and countermeasures in the operation of the Company are described in the report "IX. Prospects for the future development of the company" of "Section IV. Analysis and discussion of the operation", investors are advised to read the relevant content.

*Securities Times, China Securities Journal, Hong Kong Commercial Daily* and Juchao Website (www.cninfo.com.cn) are the media for information disclosure for year of 2021 that appointed by the Company. All public information under the name of the Company disclosed on the above said media and website shall prevail, and investors are advised to exercise caution.

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

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

Applicable  Not applicable

The profit distribution plan for year of 2020, that deliberated and approved by 6<sup>th</sup> session of the 10<sup>th</sup> BOD was: take the total shares (on the registration date when implement the equity distribution plan for year of 2020) after deduct the B shares that have been bough-back as the base, distributed 0.5 Yuan (tax included) bonus in cash for every 10-share hold by all shareholders, no share bonus issued and no capitalizing of common reserves carried out.

The company is currently implementing the repurchase of domestically listed foreign shares (B shares). As of the disclosure date of this report, the Company has repurchased 8,388,888 B shares of the company through a centralized bidding transaction through the special account for share repurchase securities.

Directors, supervisors and senior executives of the Company respectively signed a Written Confirmation Opinions for 2020 Annual Report.

Supervisory Committee of the Company formed Written Examination Opinions for 2020 Annual Report.

## Contents

<b>Section I. Important Notice, Contents and Interpretation.....</b>	<b>1</b>
<b>Section II Company Profile and Main Financial Indexes .....</b>	<b>5</b>
<b>Section III. Summary of Company Business.....</b>	<b>12</b>
<b>Section IV. Discussion and Analysis of the Operation .....</b>	<b>19</b>
<b>Section V. Important Events .....</b>	<b>59</b>
<b>Section VI. Changes in shares and particular about shareholders.....</b>	<b>149</b>
<b>Section VII. Preferred Stock.....</b>	<b>157</b>
<b>Section VIII. Convertible Bonds.....</b>	<b>158</b>
<b>Section IX. Particular about Directors, Supervisors, Senior Executives and Employees .....</b>	<b>159</b>
<b>Section X. Corporate Governance.....</b>	<b>176</b>
<b>Section XI. Corporate Bond.....</b>	<b>194</b>
<b>Section XIII. Documents available for Reference .....</b>	<b>395</b>

## Interpretation

Items	Refers to	Contents
Company, The Company, Changhong Meiling or Meiling Electric	Refers to	CHANGHONG MEILING CO.,LTD.
Sichuan Changhong or controlling shareholder	Refers to	Sichuan Changhong Electric Co., Ltd.
Changhong Group	Refers to	Sichuan Changhong Electronics Holding Group Co., Ltd.
Hong Kong Changhong	Refers to	CHANGHONG (HK) TRADING LIMITED
Meiling Group	Refers to	Hefei Meiling Group Holdings Limited
Industry Investment Group	Refers to	Hefei Industry Investment Holding (Group) Co., Ltd.
Shine Wing	Refers to	Shine Wing Certified Public Accountants (LLP)
Changhong Air-conditioner	Refers to	Sichuan Changhong Air-conditioner Co., Ltd.
Zhongke Meiling	Refers to	Zhongke Meiling Cryogenic Technology Co., Ltd.
Jiangxi Meiling	Refers to	Jiangxi Meiling Electric Appliance Co., Ltd.
Ridian Keji	Refers to	Changhong Meiling Ridian Technology Co., Ltd.
Zhongshan Changhong	Refers to	Zhongshan Changhong Electric Co., Ltd.
Changhong Huayi	Refers to	Changhong Huayi Compressor Co., Ltd.
Zhiyijia Company	Refers to	Sichuan Zhiyijia Network Technology Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
Anhui Securities Bureau	Refers to	China Securities Regulatory Commission, Anhui Province Securities Regulatory Bureau
SSE	Refers to	Shenzhen Stock Exchange

## Section II Company Profile and Main Financial Indexes

### I. Company information

Short form of the stock	Changhong Meiling, Hongmeiling B	Stock code	000521, 200521
Short form of the Stock after changed (if applicable)	N/A		
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	长虹美菱股份有限公司		
Short form of the Company (in Chinese)	长虹美菱		
Foreign name of the Company (if applicable)	CHANGHONG MEILING CO.,LTD.		
Abbr. of English name of the Company (if applicable)	CHML		
Legal representative	Wu Dinggang		
Registrations add.	No. 2163, Lianhua Road, Economic and Technology Development Zone, Hefei		
Code for registrations add	230601		
Offices add.	No. 2163, Lianhua Road, Economic and Technology Development Zone, Hefei		
Codes for office add.	230601		
Website	<a href="http://www.meiling.com">http://www.meiling.com</a>		
E-mail	info@meiling.com		

### II. Person/Way to contact

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

### III. Information disclosure and preparation place

Newspaper appointed for information disclosure	<i>Securities Times, China Securities Journal, Hong Kong Commercial</i>
--	---

	Daily
Website for annual report publish appointed by CSRC	Juchao website: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Preparation place for annual report	Room of secretary of the Board, 2/F , administrative center, Office building of the Company

#### IV. Registration changes of the Company

Organization code	Uniform social credit code: 9134000014918555XK
Changes of main business since listing (if applicable)	No changes
Previous changes for controlling shareholders (if applicable)	<p>1. In October 1993, after initial listing, controlling shareholder of the Company-- Hefei Meiling Industrial Corp. (renamed as Hefei Meiling Group Co., dated 23 May 1994), executing controlling rights of the Company and management right of the state-owned assets on behalf of Hefei State-owned Assets Management Office, named at that time;</p> <p>2. From November 1997 to May 2003, controlling shareholder of the Company was Hefei Meiling Group Holding Co., Ltd. (established base on former Meiling Group Co.,, “Meiling Group” for short), an enterprise solely owned by the State; mainly operating the state-owned capital in authorized from State-owned Assets Management Commission of Hefei City, ensuring the maintenance and appreciation of state-owned assets;</p> <p>3. On 29 May 2003, Meiling Group entered into “Equity Transfer Agreement” with Shunde GreenKel Enterprise Development Co., Ltd. (“GreenKel”), the 82,852,683 state-owned shares held by the Company was transfer to GreenKel. After transferring, GreenKel comes to the first largest shareholder of the Company.</p> <p>4. According to the spirit of “Bulletin of Treatment Opinions on GreenKel Company purchasing State-owned Assets Shares of Listed Company” (GZFCQ[2006] No.: 44) jointly issued from SASAC and Ministry of Finance in April 2006, Meiling Group took back the Meiling Electric 82,852,683 shares from GreenKel by procedures, which has been transferred. In September 2006, relevant equity transfer agreement signed between the Meiling Group and GreenKel is invalid, which was confirmed by the “Award” ((2006) HZZ No.: 104) issued from arbitration commission of Hefei; the state-owned legal person’s 82,852,683 shares, held by GreenKel, should return to Meiling Electric, and relevant equity consideration will pay to GreenKel by Meiling Group . On 29 December 2006, the 82,852,683 shares of Meiling Electric were transfer to Meiling Group by GreenKel, and Meiling Group becomes the controlling shareholder of Meiling Electric again.</p> <p>5. On 18 May 2006 and 11 January 2007, Meiling Group entered into “Equity Transfer Agreement of Meiling Electric” and “Supplementary Agreement of Equity Transfer of Meiling Electric” respectively with Sichuan Changhong and Changhong Group, among the 123,396,375 shares held by Meiling Group, 82,852,683 shares were transferred respectively to Sichuan Changhong and Changhong Group according to the transfer way regulated in agreement; of this transferring, 45,000,000 shares (10.88% of total share capital of the Company) were transferred to Sichuan Changhong, the first largest shareholder of the Company while 37,852,683 shares (9.15% of total share capital of the Company) were transferred to Changhong Group, the third largest shareholder of the Company.</p> <p>6. On 29 October 2008, Changhong Group and Sichuan Changhong entered into “Equity Transfer Agreement of Hefei Meiling Co., Ltd.”, the 32,078,846 restricted circulations A shares of Meiling Electric held by Changhong Group were transferred by agreement to Sichuan Changhong. On 23 December 2008,</p>

	<p>the aforesaid equity transfer was approved by “Reply on Matters of Equity held by State-owned Shareholders of Hefei Meiling Co., Ltd.” (GZCQ(2008) No.: 1413) from SASAC; on 21 January 2009, the aforesaid transfer was registered for ownership transfer in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. With this, the first majority shareholder of the Company comes to Sichuan Changhong.</p> <p>7. From 12 November 2018 to 25 February 2019, Sichuan Changhong and its concerted action Hong Kong Changhong totally buys 16,231,024 shares of the Company through the secondary market by bidding (including A-stock of 13,751,756 shares and B-stock of 2,479,268 shares), a 1.55% in total share capital of the Company. After stake enlarge, Sichuan Changhong and its concerted action Hong Kong Changhong holds 281,832,434 shares of the Company in total, a 26.98% of the total share capital of the Company; of which, Sichuan Changhong directly holds 248,457,724 A-share of the Company, a 23.79% in total share capital of the Company while Hong Kong Changhong holds circulation B-share of the Company amounting as 33,374,710 shares, a 3.19% in total share capital of the Company.</p> <p>8. Ended as 31 December 2020, Sichuan Changhong and its concerted action Hong Kong Changhong totally holds 281,832,434 shares of the Company, a 26.98% in total share capital of the Company; Sichuan Changhong directly holds 248,457,724 A-share of the Company, a 23.79% in total share capital of the Company while Hong Kong Changhong holds circulation B-share of the Company amounting as 33,374,710 shares, a 3.19% in total share capital of the Company.</p>
--	--

**V. Other relevant information**

**(1) CPA engaged by the Company**

Name of CPA	Shine Wing Certified Public Accountants (LLP)
Offices add. for CPA	8/F, Block A, Fu Hua Mansion No.8 Chao Yang Men Bei da jie, Dong Cheng District, Beijing, P.R.C
Signing Accountants	Li Xifu, Wang Xiaodong

**(2) Sponsor engaged by the Company for performing continuous supervision duties in reporting period**

Applicable  Not applicable

**(3) Financial consultant engaged by the Company for performing continuous supervision duties in reporting period**

Applicable  Not applicable

**VI. Main accounting data and financial indexes**

Whether it has retroactive adjustment or re-statement on previous accounting data

Yes  No

	2020	2019	Changes over last year	2018
Operating income (RMB)	15,388,050,229.67	16,553,252,894.93	-7.04%	17,490,174,950.01



Net profit attributable to shareholders of the listed company (RMB)	-85,565,716.91	56,441,479.14	-251.60%	38,658,256.97
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-277,816,055.91	-50,454,661.39	-450.63%	-3,142,791.01
Net cash flow arising from operating activities (RMB)	1,403,516,222.46	1,285,003,985.04	9.22%	-220,560,615.36
Basic earnings per share (RMB/Share)	-0.0819	0.0540	-251.67%	0.0370
Diluted earnings per share (RMB/Share)	-0.0819	0.0540	-251.67%	0.0370
Weighted average ROE	-1.73%	1.13%	2.86 percentage points down	0.77%
	Year end of 2020	Year end of 2019	Changes over end of last year	Year end of 2018
Total assets (RMB)	16,103,355,454.46	14,202,233,615.47	13.39%	15,561,810,184.54
Net assets attributable to shareholder of listed company (RMB)	4,854,173,682.43	5,004,947,673.36	-3.01%	5,015,730,486.57

The cause of the accounting policy change and accounting error correction

Applicable  Not applicable

The lower one of net profit before and after deducting the non-recurring gains/losses in the last three fiscal years is negative, and the audit report of last year shows that the ability to continue operating is uncertain

Yes  No

The lower one of net profit before and after deducting the non-recurring gains/losses is negative

Yes  No

Item	2020	2019	Note
Operating income (RMB)	15,388,050,229.67	16,553,252,894.93	--
Amount deducted from operating income (RMB)	135,186,516.29	116,109,621.66	It mainly refers to the income from house rental, waste sales, labor services, warehousing services and maintenance services in the current period.
Operating income after deduction (RMB)	15,252,863,713.38	16,437,143,273.27	--

**VII. Accounting data difference under domestic and foreign accounting standards**

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

Applicable  Not applicable

The Company has no difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles) in reporting period.

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

Applicable  Not applicable

In RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Current period	Previous period	Ending amount	Opening amount
Chinese GAAP	-85,565,716.91	56,441,479.14	4,854,173,682.43	5,004,947,673.36
Items and amount adjusted by foreign accounting rules				
Foreign accounting rules	-85,565,716.91	56,441,479.14	4,854,173,682.43	5,004,947,673.36

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

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

Applicable  Not applicable

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

**VIII. Quarterly main financial index**

In RMB

	Q 1	Q 2	Q 3	Q 4
Operating income	2,281,578,242.02	4,514,282,494.97	4,560,882,229.12	4,031,307,263.56
Net profit attributable to shareholders of the listed company	-270,008,124.67	59,877,543.74	86,575,054.56	37,989,809.46
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	-282,956,643.92	25,821,980.56	16,310,383.26	-36,991,775.81
Net cash flow arising from operating activities	-1,003,451,132.76	615,346,174.35	109,494,010.35	1,682,127,170.52

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the company's quarterly report and semi-annual report

Yes  No

**IX. Items and amounts of non-recurring profit (gains)/losses**

Applicable  Not applicable

In RMB

Item	2020	2019	2018	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-2,111,295.55	-9,537,945.52	787,721.32	Found more in "Income from assets disposal", "non-operation income & expenditure"
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)	99,043,859.77	103,813,820.02	90,401,997.63	Found more in "Other income", "Non-operation income"
Gains/losses arising from the contingencies unrelated to the normal operation of the Company	-	-	-13,050,649.33	Found more in "Non-operation expenditure"
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 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	123,242,542.42	27,685,917.00	-18,928,688.87	Found more in "Income of fair value changes", "Investment income"
Reversal of the account receivable and contract assets depreciation reserves subject to separate impairment test	5,061,635.85	1,936,952.67	2,543,553.45	"Found more in "Account

				receivable/other account receivable”
Other non-operating income and expenses other than the above	2,434,283.11	1,070,165.28	-2,614,761.68	”Found more in “Non-operation income & expenditure”
Less: impact on income tax	34,083,593.36	15,170,286.77	16,236,806.66	
Impact on minority shareholders’ equity (post-tax)	1,337,093.24	2,902,482.15	1,101,317.88	
Total	192,250,339.00	106,896,140.53	41,801,047.98	--

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

Applicable     Not applicable

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

## Section III. Summary of Company Business

### I. Main businesses of the company engaged in during the Period

#### (i) Main businesses of the Company

The Company is one of China's major electric appliance manufacturers, possesses four major domestic manufacturing bases in Hefei, Mianyang, Jingdezhen and Zhongshan, and two overseas manufacturing bases in Indonesia and Pakistan. Currently, we have completed the industry layout of white electricity basically, covering the full product line including refrigerator, washing machine, air conditioner, kitchen and bath, small household appliances and others, at the same time, the Company enters the new industrial fields as bio-medical and with certain achievements made.

Over the past 30 years, the Company has always been adhering to the "independent innovation, created in China", and always focus on refrigeration industry without stop, elaborately building the core competitiveness of enterprises by technological innovation and product innovation. Relying on the cutting-edge R&D team and advanced technology, Meiling continue to achieve breakthrough results in the variable frequency, intelligence, refreshment, thin-wall, odourless, energy-saving, forced air cooling, deep cooling and other fields.

The company has set up the first RoHS public testing center in Anhui Province, the national enterprise technology center, the national industrial design center, and the 5G industrial internet innovation application laboratory. In recent years, the Company has successively awarded several national honorary titles as the "Smart Refrigerator Intelligent Manufacturing Pilot Demonstration Project", the "National Green Factory" and the "National Industrial Design Center" etc.

At the same time, many products of Meiling have repeatedly won a number of domestic and international innovation awards, continuously demonstrating the capabilities and strength of Meiling's intelligent manufacturing and Meiling brand intelligent innovation technology. In the 2020 China Refrigerator Industry Summit Forum, Meiling Refrigerator, with its leading fresh-keeping technology and excellent quality, "M Fresh" Liulizi 415WQ3S won the "Long-lasting Fresh-keeping Star", and BCD-432WPU9CX won the "Outstanding Channel Performance Product" Award. In the 16th China Household Appliances Innovation Achievement Appraisal, Meiling's "M Fresh" full-curved glass BCD-680WQ3S, refrigerator ten-minute rapid odor cleaning technology and very thin intelligent front loading washing machine MG100-14686BHAI products all won the innovation results award, and the moisturizing control method and application of the air-cooled water tank won the China Patent Excellence Award. In addition, with its outstanding contribution to social welfare, the company won the "Special Charity Contribution Award" of China Refrigerator Industry Summit Forum and the honor of Social Charity Demonstration Enterprise of China Household Electrical Appliances Association in 2020.

In recent years, driven by the industry transformation and upgrades and consumption upgrades, the Company has adhered to the strategy of smart and variable frequency products, promoted the Company's products to transform and upgrade to become intelligent and high-end and comprehensively enhanced the competitiveness of products in the industry by grasping the opportunities of refreshment, thin-wall, odourless, air cooling and energy efficiency upgrades and effectively resolving the pain points of customers. Under the guidance of the "intelligent" strategy, in recent year, the Company has released and listed a number of CHiQ series of smart refrigerators and air-conditioning products, "M-Fresh" refrigerators and "M-Fresh" comprehensive thin series products, Meiling always leads the trend of the industry by solving the pain points of users effectively. In June 2020, Meiling's very clean series of refrigerators, which adopted Meiling's original MNC+ odor purification technology, made its world debut, representing the company's third differentiated business card after Meiling Fresh and Meiling Thin-Meiling odourless. In April 2020, the new air conditioner "Xiongmaolan" was released, its intelligent cleaning and precise temperature control further matched the use pain points of consumers. In December 2020, two new products, namely, dust-free air conditioner and full-DC inverter home multi-split air conditioner were launched. In July 2020, Meiling's "very thin" front loading washing machine made its world debut, which not only refreshed the ultra-thin record of 10kg front loading washing machine, but also showed that from the full thin refrigerators to very thin washing machines, Meiling has been focusing on user needs and accelerating to realize the integrated market layout of refrigerators, air conditioners and washing machines, and finally realized the implementation of Meiling's quality, taste and brand, and injected new vitality into the high-end consumer market.

Facing the future, the Company will further improve the home internet layout, accelerate the intelligentization of home appliances, form a dual-growth engine of "hardware + services", drive the transformation and upgrading of the Company's profitability model, investigate the new value-added service models for home appliance enterprises, meet new competition pattern in the industry, and achieve its own sustainable and stable development under the guidance of the core values of "professionalism and shared development". Meanwhile, based on the "Smart Home Eco-system Project" and the existing products, the company will enhance the R&D, manufacturing, sales and cooperative capabilities of integrated white goods so as to provide users with a complete set of smart white goods system solutions.

In reporting period, main income of the Company coming from refrigerator (freezer), air conditioner, washing machine, small home appliances and kitchen & toilet products etc., total amounting to 13,906.9008 million Yuan, a 90.37% of the operating income.

## **(2) Conditions of the industry the company involved**

### **1.Refrigerator industry**

All View Cloud (AVC) pushed total data showing that in 2020 the retail sales of China's home appliance market decreased by 11.3% on a year-on-year basis, in sharp contrast to that, the refrigerator market retail sales only decreased by 1.4% on a year-on-year basis. In addition, the global refrigerator production capacity has

significantly increased its dependence on the Chinese market. According to customs data, the export volume of refrigerators in 2020 increased by 35.6% on a year-on-year basis. As the core home appliance for household food storage and management, the demand for refrigerators is more rigid. In a complex environment, the resistance stability of the refrigerator industry is relatively strong.

### 2. Air conditioning industry

The air-conditioning industry has entered the stage of stock competition from the incremental market. The downturn in the real estate market and the increase in the number of air-conditioning owned by 100 households have increased year by year, resulting in a decrease in new demand. Under the influence of the epidemic, part of the renewal demand has been temporarily shelved, while the long-term price war has made small and medium-sized brands difficult to survive, and the air-conditioning industry in a downward crisis is in trouble. According to the All View Cloud (AVC) push data, the China's retail volume of air conditioning market in 2020 was 51.34 million units, a decrease of 14.8% on a year-on-year basis, retail sales amounted as 154.5 billion Yuan, decreased 21.9% from a year earlier.

### 3. Washing machine industry

According to the All View Cloud (AVC) omnichannel data, the retail sales of the washing machine market in China has 7.14 billion yuan for year of 2020, a y-o-y decline of 6.2%, retail volume was 36.9 million units, 3.6% drops from a year earlier. The overall retail pace was in a downturn in the first half of the year and recovered in the second half of the year, the online recovery was obvious and the offline recovery was slow. In terms of products, in addition to the trend of large-capacity stacking washing and drying integrated machines, brand owners have also been striving to find differentiated selling points and improve product premium capabilities. With healthy washing machines as the core, washing machines with intelligent detergent feeding and washing and care labels, silent washing machines, good-looking washing machines, and ultra-thin and embeddable washing machines have become hot spots for market development.

## II. Major changes in main assets

### (1) Major changes in main assets

Major assets	Note of major changes
Equity assets	Joint venture has a deficit in the Period and declare the payment of cash dividends
Fixed assets	Transferred from construction in progress increased in the period
Intangible assets	No major changes
Construction in progress	Construction in progress transferred to fixed assets in the period

(2) Main overseas assets

√ Applicable    □ Not applicable

Content of assets	Reason for the formation	Asset size	Location	Operation mode	Control measure to ensure the security of assets	Income (RMB)	Foreign assets accounted for net assets of the Company	Whether exist significant impairment risk (Y/N)
60% equity of Changhong Ruba Trading Company	Investment establishment	US\$ 7.803 million	Pakistan	Sales	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media (No. 2011-028, No. 2011-032, No. 2014-023, No. 2014-026, No. 2016-027, No. 2016-032, No. 2017-053 and No. 2017-059) on 28 May 2011, 19 April 2014, 25 March 2016 and 10 August 2017	-11,275,321.57	0.01%	N
40% equity of Changhong Ruba Electric Company(Private)Ltd.	Investment establishment	US\$ 6.9761 million	Pakistan	Manufacture	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media (No. 2011-028, No. 2011-032, No. 2014-023, No. 2014-026, No. 2017-053 and No. 2017-059) on 28 May 2011, 19 April 2014 and 10 August 2017	-194,554.26	-0.12%	N
100% equity of CHANGHONG MEILING ELECTRIC INDONESIA. PT	Investment establishment	US\$ 6 million	KELAPA GADING, JKT, Indonesia	Sales	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media (No. 2016-027 and No. 2016-033) on 25 March 2016	1,059,456.14	0.48%	N
100% equity of CH-Meiling International (Philippines) Inc.	Investment establishment	US\$ 1 million	Philippines	sales	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media (No. 2019-083) on 7 December 2019.	-1,169,089.69	0.11%	N
Other notes	N/A							

III. Core Competitiveness Analysis

(1) Brand capacity

The Company is one of the famous home appliances manufacturers in China, owns several product lines such as refrigerator, freezing box, air conditioner, washing machine, small household appliances and biomedical etc. “Meiling” brand is listed as one of the most valuable brands in China. In recent years, the Company has create the



competitiveness of the brand by continuously reshaping its brand image, innovating core technology and developing high-end intelligent products.

In terms of reshaping brand image, in order to enhance the brand image and further expand the market influence, the Company repositioning the brand. In October 2015, the Company completely update the LOGO, and launching the new brand proposition of “Meiling, let the good comes”. Along with the release of new LOGO, Meiling will also implement a brand strategy of "Good Trilogy", including the direct sensory experience of “experience the good”, the spirit soul enjoyment of “enjoy the good”, and the lifestyle faith of “believe in the good”. In 2020, the Company hand in hand with the national badminton team, accelerate the brand image refresh.

In terms of continuous innovation of core technologies, on the one hand, the company continuously promoted the innovation of intelligent, frequency conversion, fresh-keeping and odourless technologies to maintain the leading position in the industry in order to meet the needs of industry and market development; on the other hand, with the help of consumption upgrades, in order to meet the personalized differentiation and diversified needs of consumers. In terms of refrigerator products, the independent research and development of core technologies such as water molecule activation preservation technology, comprehensive thin GLS integration technology, and MCN+ clean taste preservation technology have led the refrigerator industry to return to the home field of preservation and fully enter the era of thin and long-lasting clean taste. In terms of washing machine products, through the development of the three black technologies of the inner cylinder cone expansion technology, the oblique angle stabilization technology, and the cloud disk condensation technology, the "thin", "large" and "simple" industry business cards for washing machines have been created. Regarding air-conditioning products, we have been adhering to the product concept of "good sleep + good air", focusing on quality, experience, and health for product upgrades. Strictly control quality in terms of comfort and reliability indicators, create a brand experience of “extremely quiet, extremely economical, and extremely intelligent” for air conditioners, and carry out layout around the three core functions of “fresh air, self-cleaning, and dust-free” product portfolio.

In terms of high-end intelligent product development, the company promoted product innovation through continuous technological innovation. In recent years, the company has successively released CHiQ intelligent series products, “M-Fresh” refrigerators, “M-Fresh” full-thin series products, “very-clean” series of refrigerator products, “very-thin” series of washing machine, voiceprint cabinet, dust-free separated and sleep separated air conditioner etc, created three brand business cards, i.e. “Meiling Fresh” and “Meiling Thin”, and “Meiling Clean” through the introduction of the aforementioned high-end intelligent products, which not only met market demand in a timely manner, but also enriched and enhanced the brand image.

Promoting the remodeling of brand ability through the continuous upgrading of products, Meiling will realize a young, international and professional brand image. Through gradual construction of the ideas of Wonderful Start Point, Wonderful Life Circle and Wonderful Ecology Circle, Meiling has become a people-oriented artist specializing in white appliances, a smarter scientific expert and a more reliable house keeper.

## **(2) Product capacity**

In more than 30 years, the Company always focus on the refrigeration industry, has developed a variety of

different types of refrigerator products, including three serial products as “CHiQ, Athena and MELING 美菱”. It mainly includes the "Very Clean" series fresh-keeping refrigerators equipped with odor purification technology, the BCD-502W series refrigerators extending from comprehensive thin products, the CHiQ series high-end intelligent refrigerators, the 400L multi-door refrigerators (BCD-406W, BCD-415W, BCD-425W) series products, the limit cost BCD-632W side-by-side combination series refrigerators, the 0.1 degree double precision inverter refrigerators, new European standard energy efficiency upgrade products, North American air-cooled products, vertical display cabinets, BC/BD-100DT product freezer with low-cost color plate box, 10 kg impeller-type series washing machines, XC-618L smart blood refrigerator, air conditioner "all dust-free" Q6C on-hook products, voiceprint cabinets and sleep on-hooks, etc. Especially the "Very Clean" series clean odor refrigerators released by the company apply multi-metal oxide catalytic technology and use a catalyst made of a special process to efficiently catalyze the air to produce active oxygen, which can quickly remove unpleasant odor and kill bacteria. The "Very Thin" drum series washing machine is developed with ultra-thin platform technology, with three core technologies including inner drum diameter, drying and condensation, and slightly inclined drum, its depth dimension is reduced by 20% under the condition that the width of the whole machine remains unchanged, and the main performance index has reached the advanced level of domestic and foreign drum washing machines. "Dust-free" air-conditioning products adopt the industry's first fully enclosed dust-free cabin technology to achieve a "zero gap" full closure of the air inlet, there is nowhere for dust to enter or hide, perfectly realizing the completely dust-free innovative black technology for power on and power off .

The Company owned advanced development and quality assurance systems, passed management system certification of ISO9001, ISO14001 and ISO45001. Product quality has been quality assurance and product performance is reliable. At the same time, the company has authoritative certifications including “national-level technology center”, ”national-level industrial design center”, “national-level intellectual property demonstration enterprise” as strong guarantees. In terms of technical research, it is committed to applying basic technology research and industrialization transfer, and has established a technical strategic plan with “intelligence, frequency conversion, simulation” as core technologies, and “energy saving, fresh keeping, and new materials” as key technologies, annual technical research project achievements conversion rate reached 85% above. In terms of product development, based on the technological research results and consumption upgrade requirements, updated the annual product planning and development outline, increasingly upgraded the product structure, continued to increase the development of mid-to-high-end products with characteristic of thin-wall, air-cooling, large-volume, frequency conversion, intelligence, simulation, smart cleaning, sterilization, dust removal, silent and developed competitive core products. At the strategic level of the company, continued to adhere to the core idea of “intelligent strategy, productism”, and promoted the company's product transformation, technological innovation, and industry leadership by advancing the subsequent research and development, promotion and technical update of intelligent and frequency conversion products. In addition, the company shall continue to improve the home appliance product line, lay out multiple product businesses such as air conditioner, washing machines, kitchen and bath products, small home appliances, biomedical, and built a comprehensive home appliance business.

### **(3) Operation capacity**

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

#### **(4) Marketing ability**

The company has established a relatively complete sales network and service system to accelerate marketing transformation and achieve the marketing transformation from product line-oriented sales management to channel- and user-oriented business services, from single-category marketing to full-category marketing. During the reporting period, used smart trading platforms to effectively improve operating efficiency, reduce costs, and accumulate strength for subsequent development. In overseas markets, the company increased the investments in overseas marketing agencies, research and development bases, production bases, etc., cooperated with internationally renowned household appliance brands and distributors, continued to optimize the customer structure and enhance the product structure, actively explored overseas markets, and exported products to more than 130 countries and regions.

## Section IV. Discussion and Analysis of the Operation

### I. Introduction

In 2020, in the face of multiple severe impacts such as the sudden COVID-19 epidemic, the deep recession of the world economy, trade frictions, and the rise in bulk materials, the home appliance industry where the company is located has encountered unprecedented challenges, especially the impact on offline channels. According to AVC data, the offline retail sales of the refrigerator industry fell by 13%, air conditioners fell by 32%, washing machines fell by 17%, and the overall market in the industry was sluggish. In 2020, the internal and external environment were beset with difficulties. In this context, affected by factors such as the improvement of consumers' health demands and the more rational consumption behaviors, enterprises were forced to accelerate the adjustment of product structure, accelerate the improvement of product quality and service capabilities, and accelerate the innovation of channels.

During the reporting period, the company took "one side and two points" as its guiding ideology, that is, using commercial inventory as the core to drive supply chain, manufacturing, logistics, etc., so as to improve overall efficiency; through competition against benchmarking, output online and offline competition strategies and product strategies that highly match the market, and implemented the annual business policy of "product leadership, marketing transformation, efficiency breakthrough, team activation". Facing the impact of the epidemic, the company's business units took the initiative and turned crises into opportunities, focusing on the effective implementation of existing orders, taking advantage of opportunities or policies to grab new orders, and ensured the safety of supply chain and the continuous improvement of capacity utilization. At the end of the second quarter, the market stopped slipping and entered the normal track of production and operation.

### II. Main Business Analysis

#### (i) Overview

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

Yes No

#### 1. Introduction

In 2020, refrigerator and freezer business achieved revenue of RMB 7.678 billion, with 2.87% down y-o-y; air-conditioning business achieved revenue of approximately RMB 4.619 billion, with 21.82% down y-o-y; washing machine business achieve revenue of approximately RMB 0.467 billion, with 7.53% declined from a year earlier; other products of small home appliance and kitchen & toilet products and cooling parts have revenue approximately as RMB 1.391 billion, with 16.40% up y-o-y. meanwhile, the business aboard has a revenue of RMB 4.980 billion, 27.43% increased from a year earlier.

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

During the reporting period, in accordance with the development strategy and operating principles of “product leading, marketing transformation, efficiency breakthrough and team activation” in 2020, the company has deployed the annual business plan, arranged the production and management, and carried out the following activities:

### (1) Product leading

In June 2020, the company and JD.com jointly released the world's first very clean refrigerator 365WPUCA. The original MNC+ long-lasting odor purification and sterilization technology is used to generate high reactive oxygen species (ROS) through the catalysis of multiple metal oxides such as manganese, copper, iron, and cerium, and then the odor molecules produced by a variety of foods in the refrigerator undergo a chemical reaction to become carbon dioxide and water, thereby restoring the fresh original flavor, and overcoming the disadvantages of traditional refrigerators such as slow odor purification, poor effect, and short life. After owning "Meiling Fresh" and "Meiling Thin", the third "Meiling Clean" business card pushes the brand image of Meiling refrigerators to a higher level, showing Meiling's new blueprint for future refrigerators for consumers and the industry.

In July 2020, Meiling's self-produced "very thin" front-loading washing machine made its debut. The "very thin" front-loading washing machine is centered on larger/thinner/healthier, and is committed to solving the consumption pain points that the front-loading washing machine is difficult to embed. The "very thin" front-loading washing machine uses taper expansion technology, inclined tube stabilization technology and cloud disk condensation technology to increase the diameter of the inner drum to 530mm and reduce the depth of the inner drum to 487mm, which is 10cm thinner than traditional washing machines and is the thinnest among products of the same specification in the industry. The washing machine is perfectly embedded in the consumer's home. After the self-production of Meiling front-loading and pulsator washing machine, a new business card “Thin” increased after the “Big” and “conciseness”

In April 2020, "Panda Lazy" new product of Changhong Air-conditioner was released online. The smart cleaning function of this product can deep clean the evaporator, ensure the output air is clean and hygienic, and solved the pain points that consumers can only simply clean the air conditioner filter. At the same time, the product has precise temperature control and small temperature fluctuations. The precise temperature control of 0.1 °C creates a comfortable and constant temperature environment, which further meets the pain points of users. In December 2020, the company launched two new products, Q6C dust-free air conditioner and full DC inverter home multi-split air conditioner. Q6C combines the fourth-generation intelligent cleaning technology and the reverse balance 57°C high temperature sterilization technology, breaks through the high temperature limit of ordinary air conditioning heating, and effectively solves the two major pain points of "easy to dirty, difficult to clean" of air conditioners through the deep cleaning of the evaporator and 57°C high temperature sterilization, and truly provides consumers with a “dust-free air supply” solution for a dusty environment.

In 2020, the third-generation dual-engine variable frequency ultra-low temperature refrigeration storage box

DW-HL680 launched by Zhongke Meiling has been fully marketed. Through the dual independent frequency conversion self-overlapping refrigeration system, the dual control system for mutual backup and embedded independent intelligent wireless monitoring can improve operating efficiency, enhance equipment reliability and raise the safety of sample storage to a new level with its high-efficiency refrigeration system, which is well received by the market.

In the 16th China Household Appliances Innovation Achievement Appraisal, Meiling's M fresh full-curved glass BCD-680WQ3S, refrigerator's 10-minute fast odor removing technology and very thin intelligent drum washing machine MG100-14686BHAIIS all won the innovation achievement awards, and the moisturizing control method and application of air-cooled water tank won the China Patent Excellence Award.

During the reporting period, in terms of enhancing product competitiveness, the company's core refrigerator products revolved around "fresh, thin, and clean", the air-conditioning products revolved around "extremely quiet, extremely economical, and extremely intelligent", the washing machine products revolved around "thin, large, and simple", the kitchen, bathroom and small home appliances revolved around "influential brands of water ecological household appliances and operational services", the biomedical products were deployed around "cold chain and healthy market opportunities", so as to strive to create differentiated and high-profit "competitive products" with Meiling characteristics. At the same time, through benchmarking with competing products, strengthening cost and efficiency leadership, creating cost-effective "hot sale", the company has been striving to achieve the market-driven goals of "User-centric"..

## **(2) Marketing transformation**

In the domestic market, under the guidance of the "one side, two points" strategy, we insist on "improving efficiency and building capabilities", while taking advantage of the digital trend to accelerate digital transformation in marketing and management. At the same time, aiming at the benchmark, carry out the work of improving efficiency and reducing costs. The fierce competition in the domestic refrigerator and washing machine market, coupled with the pressure of rising material costs, the company's refrigerator and washing machine products were squeezed and its profitability has declined. Domestic air conditioners have been greatly affected by the epidemic, the decline in scale, and the profitability also has declined.

In the overseas market, driven by the business strategy of "expanding scale quickly with reasonable profits", the company "expanded incremental markets externally and grasped operating efficiency internally", overcame the impact of the epidemic and achieved an increase in revenue from refrigerators and air conditioners, hit a new high; the operating quality continued to improve, the product structure continued to enhance, and the proportion of mid-to-high-end products continued to increase. At the same time, it actively expanded overseas private brand sales. Under the epidemic, through the policy of guaranteeing delivery internally and grabbing orders externally, overseas refrigerator and washing machine revenue increased by more than 35% on a year-on-year basis, and overseas air conditioners increased by nearly 15% on a year-on-year basis, both reaching record highs.

The kitchen, bathroom and small home appliance industries adjusted their strategies and carried out industrial integration, and revenue increased by nearly 15%. Biomedical has seized the incremental opportunity brought by

the epidemic, and its revenue has increased by nearly 70%.

### (3) Efficiency breakthrough

Implement "one side and two points", fully benchmark against each other, and improve efficiency. During the reporting period, the company continued to promote the special work of capital pressure control, and the capital operation efficiency was greatly improved on a year-on-year basis through pressure control of inventory, account receivables, and prepayments. On the development side, achieved by over 5% in R&D efficiency through the front-end input checks, modular design, and intelligent R&D platform applications. At the production and manufacturing side, through increase the production and efficiency, focused on promoting key projects such as "five-izations", "three easy" and lean production, a breakthrough in cost has been achieved, and the manufacturing costs for a single refrigerator has dropped by more than 10%.

### (4) Team activation

During the reporting period, the company gradually promoted the construction of the three pillars of human resources according to the plan, and provided comprehensive strategic guidance for the transformation of human resources, the development of talent organizations, and the optimization of salary incentives; continued to vigorously and continuously implement the "Yongquan Plan" to select and train successors for key positions, and improve the construction of talent reserve; through the implementation of the normalized competitive recruitment mechanism and reserve talent promotion mechanism for cadres, strengthened the construction of professional and technical personnel, built a company-level expert team, and expanded the career path of employees; explored the vitality of employee development mechanism, practiced the "co-creation and sharing" incentive mechanism, reconstructed the incentive mechanism, encouraged value creation of all employees, and further activated the vitality of the team.

### (5) Output of the refrigerator/cabinet hit a new high

At the beginning of the year, we overcame epidemic prevention pressures, personnel shortages, and material shortages, resumed work and production, and gradually increased capacity utilization rate. By winning the "Shangganling" battle, sales demand was guaranteed, and the output has repeatedly created new highs since April and achieved "fighting the epidemic and stopping the decline in the first half of the year, and the overall overtaking in the second half of the year", the annual output hit a record high.

## (ii) Revenue and cost

### 1. Constitute of operation revenue

In RMB

	2020		2019		Increase/decrease y-o-y (+,-)
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	15,388,050,229.67	100%	16,553,252,894.93	100%	-7.04%



According to industries					
Manufacture of household appliances	14,154,240,737.32	91.98%	15,442,277,862.82	93.29%	-8.34%
Other business	1,233,809,492.35	8.02%	1,110,975,032.11	6.71%	11.06%
According to products					
Refrigerator, freezer	7,677,640,685.10	49.89%	7,904,855,681.11	47.76%	-2.87%
Air-conditioning	4,619,288,893.44	30.02%	5,908,762,786.45	35.70%	-21.82%
Washing machine	466,805,675.50	3.03%	434,111,186.88	2.62%	7.53%
Small appliance and kitchen & toilet	1,143,165,497.06	7.43%	993,937,389.59	6.00%	15.01%
Other products	247,339,986.22	1.61%	200,610,818.79	1.21%	23.29%
Other business	1,233,809,492.35	8.02%	1,110,975,032.11	6.71%	11.06%
According to region					
Domestic	10,398,533,564.21	67.58%	12,638,965,715.02	76.35%	-17.73%
Foreign	4,989,516,665.46	32.42%	3,914,287,179.91	23.65%	27.47%

**2. About the industries, products, or regions accounting for over 10% of the company's operating income or operating profit**

√ Applicable   □ Not applicable

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Manufacture of household appliances	14,154,240,737.32	11,709,373,550.27	17.27%	-8.34%	-5.69%	-2.33%
According to products						
Refrigerator, freezer	7,677,640,685.10	6,148,588,872.52	19.92%	-2.87%	1.38%	-3.36%
Air-conditioning	4,619,288,893.44	4,053,771,792.10	12.24%	-21.82%	-18.87%	-3.19%
Small appliance and kitchen & toilet	1,143,165,497.06	958,061,925.19	16.19%	15.01%	14.72%	0.21%
According to region						
Domestic	9,174,395,337.92	7,413,002,117.96	19.20%	-20.46%	-18.00%	-2.42%
Foreign	4,979,845,399.40	4,296,371,432.31	13.72%	27.43%	27.26%	0.11%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest one year's scope of period-end



Applicable  Not applicable

**3. Income from physical sales larger than income from labors**

Yes  No

Industries	Item	Unit	2020	2019	Increase/decrease y-o-y (+,-)
Manufacture of household appliances industry	Sales volume	10 thousand pieces/set	2,086.39	1,778.48	17.31%
	Production	10 thousand pieces/set	2,103.47	1,747.30	20.38%
	Inventory	10 thousand pieces/set	131.29	114.21	14.96%

Reasons for y-o-y relevant data with over 30% changes

Applicable  Not applicable

**4. Fulfillment of the company’s signed significant sales contracts up to this reporting period**

Applicable  Not applicable

**5. Constitute of operation cost**

Industry classification

In RMB

Industries	Item	2020		2019		Increase/decrease y-o-y (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Manufacture of household appliances	Raw material	10,753,506,155.27	91.84%	11,370,677,092.45	91.58%	0.26%

Note: nil

**6. Whether the changes in the scope of consolidation in Reporting Period**

Yes  No

More details can be seen in the report “VII. Changes in the scope of the merger” and “VIII. Interests in other entities” of “Section XII Financial Report”

**7. Major changes or adjustment in business, product or service of the Company in Reporting Period**

Applicable  Not applicable

**8. Major sales and main suppliers**

**(1) Major sales client of the Company**

Total top five clients in sales (RMB)	6,584,401,244.38
Proportion in total annual sales volume for top five clients	42.79%
Proportion of the related parties' sales in total annual sales volume for top five clients	31.53%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Client I	4,366,577,060.10	28.38%
2	Client II	787,849,299.72	5.12%
3	Client III	528,720,339.97	3.43%
4	Client IV	484,102,220.00	3.15%
5	Client V	417,152,324.59	2.71%
Total	--	6,584,401,244.38	42.79%

Other situation of main clients

Applicable  Not applicable

(2) Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	2,439,049,271.05
Proportion in total annual purchase amount for top five suppliers	19.70%
Proportion of related party's purchase in total annual purchase amount for top five suppliers	11.96%

Information of top five suppliers of the Company

Serial	Name	Sales (RMB)	Proportion in total annual purchase
1	Supplier I	597,140,366.93	4.82%
2	Supplier II	504,983,027.54	4.08%
3	Supplier III	468,804,500.00	3.79%
4	Supplier IV	453,129,714.63	3.66%
5	Supplier V	414,991,661.95	3.35%
Total	--	2,439,049,271.05	19.70%

Other notes of main suppliers of the Company

Applicable  Not applicable

(iii) Expenses

In RMB

	2020	2019	Increase/decrease y-o-y (+,-)	Note of major changes
Sales expense	1,945,803,799.56	2,320,362,519.95	-16.14%	Market supporting fee declined in the Period

Administrative expense	280,245,684.56	330,687,143.82	-15.25%	-
Financial expense	-5,529,984.84	-14,216,050.60	61.10%	Exchange losses increased in the Period
R&D expense	380,638,922.91	334,218,689.69	13.89%	-

#### (iv) Investment in R&D

√ Applicable    □ Not applicable

In 2020, the Company continues to insisted on the upgrade of fundamental research on core technology in technical research, maintained its technological advantages, expanded the innovation and upgrade in the technological field, made breakthroughs in differentiation, continued to promote product upgrades, and led the development orientation in the industry.

In terms of the refrigerator, the Company focused on its technology planning and core technology for technology development, and carried out the research on human-computer interaction techniques, food refreshment technology, energy saving and mute technology, wide rotation speed variable frequency technology, air duct design technology, and vacuum insulation technology, etc. Among them, the "Comprehensive Thin" series refrigerators has continued to expand the product lineup, enhance product competitiveness, and extend from the high-end market to the mid-range market. The household freezers with large volume rate have been simultaneously launched in the domestic and foreign markets, and the comprehensive upgrade of household freezers has been completed. The launch of "Very Clean" technology and products gave new connotations to the "M Fresh" series refrigerators, which further enhanced the company's brand influence and reputation; in addition, through the continuous upgrade and application of intelligent and frequency conversion technology, the continuous improvement of the competitiveness of intelligent, inverter refrigerators was realized, inverter technology has kept the leading position in the industry. The company accelerated the promotion of 0.1°C inverter and air-cooled technologies and products to overseas markets, frequency conversion and air-cooled refrigerators has been rising rapidly in export products. The "micro-frost" series refrigerators have been rapidly promoted overseas to meet the differentiated and personalized demands in overseas markets. The company seized the energy efficiency upgrade opportunities of major developed economies, quickly launched a series of products that meet the new energy efficiency standards, and obtained first-mover advantages.

In air conditioning, according to the strategic planning of holistic intelligent air ecosystem, the Company core with the technical strategic as intelligence and frequency conversion, carrying out variable frequency control in depth, CFD&CAE simulation, intelligent voice, and basic core ability construction as recognition and interaction etc. Focusing on the comfort and reliability of air conditioners, the establishment of the fifth-generation precision temperature control technology platform based on the PMV comfort control of new sensors such as infrared and

the motor winding temperature measurement method has been completed; the simulation technology has revolved around the vibration of the compressor and system pipelines, and completed the development of the optimization calculation software for the pipeline stress of the four-way valve of the air conditioner, which greatly improved the efficiency and quality of research and development. It's the first in the industry to launch the air-conditioning external unit single-board dual-drive onboard PFC technology solution with less electrolytic capacitors and the second-generation on-hook internal unit dual-board dual-chip direct drive technology solution, which has been applied in products in batches. It launched "Xiongmaolan" series specifications, T-shaped cabinet products with different energy efficiency levels with Changhong's characteristics, and Q6C on-hook products with the "all dust-free" concept, which came into the market in batches, and earned a good reputation from the market.

In terms of biomedicine, Zhongke Meiling, the company's NEEQ listed subsidiary, has achieved a number of key technological breakthroughs relying on its profound research experience and technology accumulation in the field of cryogenic storage. The dual-engine variable frequency series ultra-low temperature freezer DW-HL680 has been developed and launched, it adopts a dual independent frequency conversion self-cascade refrigeration system, is equipped with a dual backup control system, and is embedded with independent intelligent wireless monitoring, which raises the safety of sample storage to a new level. The new series blood bank refrigerator XC-618L has been developed and come into the market, with its safe and reliable refrigeration system, multiple noise reduction design, intelligent blood bank management system and precise temperature control system, it provides a reliable equipment environment for the high-standard storage and management of blood. The brand new series of ice-lined refrigerators are developed and marketed, which is the first domestic ice-lined refrigerator that meets the requirements of the new PQS regulations. Many life sciences and laboratory products have entered the trial production stage, such as clean benches, chromatography cabinets, etc., the ecosystem layout of Meiling biomedical products is gradually advancing and landing. In 2020, a total of 90 intellectual property patents were applied in the whole year by Zhongke Meiling, an increase of 40% over last year, including 16 invention patents, 40 utility models, 31 appearance patents and 3 software copyrights; obtained 76 authorized intellectual property rights, including 4 invention patents, 40 utility models, 29 appearance patents and 3 software copyrights.

In terms of washing machines, the company increased the strategic layout of washing machine product lines, and took the lead in launching the "Very Thin" drum series products, which adopted ultra-thin platform technology development and three domestic pioneering technologies such as oblique drum stabilization, cone expansion and cloud disk condensation achieved the super large diameter of 530MM of the inner drum, significantly improved the space utilization and the effect of efficient drying of clothes, so as to achieve a slim body of 487MM, and finally achieve the goal of freely embedding the washing machine, reducing the space and caring for the clothes. In the impeller-type washing machines, it developed and put the 580 platform into production, which improved the volume of impeller-type products; the newly developed 610 and 660 series brought a deeper level of washing care to consumers through the appearance design of the high-end model equipped with the waterfall washing function. Regarding the core technology of the electronic control system, the company realized the independent research and development of the whole series of impeller-type full series control panels, effectively enhanced the core competitiveness of the products. In 2020, a total of 60 patent applications have been filed for washing machines, including 35 invention patents and 25 utility model patents.

In terms of kitchen and bathroom appliances and small household appliances, the company built a large kitchen and bathroom R&D center in Zhongshan, Guangdong, and a small household appliance R&D center in Hefei, Anhui, followed the strategic deployment of smart kitchens and differentiated products, took the range hood as the center of the smart kitchen, and connected kitchen stoves, disinfection cabinets, steaming ovens, dishwashers, water heaters, and water purifiers to achieve interconnection, voice control, security guards, smart cooking and other functions. At the same time, the company developed DC frequency conversion technology and applied it to range hoods and gas water heater products. The company had innovative design of stove which has seven cavities and multiple burners, while the unique 45° sawtooth design greatly reduces the risk of tempering; made a comprehensive layout of zero cold water gas water heaters; designed and developed, and mass-produced condensing wall-mounted stove which can save more than 20% of gas than ordinary wall-mounted stove; and completed the development and marketing of community water vending machines for water purifiers equipped with a self-developed software system. For small household appliances, the company developed tea art machine products, overcame the core technical problems of warm boiled water heat exchange, tea soup separation technology, and 3 seconds instant heat; completed the software and hardware design, structural design and APP development of the Bluetooth module of the Bluetooth anti-lost device, and achieved mass production; carried out the technical research on locator products, and completed the design of software, hardware and structural scheme with the core technologies such as GPS, 4G CAT1; completed the development of voice tea bar machine products, and achieved voice control and APP intelligent control, and the product has been smoothly marketed. Regarding the export of small household electrical appliances, in view of the African market and the dietary characteristics of African consumers, Xima machine products have been innovatively designed and developed and exported to the market, and corresponding overseas patents have been simultaneously applied for. In 2020, a total of 13 patents have been applied for, including 7 invention patents, 4 utility model patents, and 2 appearance patents.

#### R&D investment of the Company

	2020	2019	Change ratio (+,-)
Number of R&D (people)	1431	1,529	-6.41%
Ratio of number of R&D	19.62%	16.62%	Increase by 3 percentage points
R&D investment (RMB)	556,253,003.33	782,372,129.86	-28.90%
R&D investment as a percentage of operating income	3.61%	4.73%	Decrease by 1.12 percentage points
Capitalized amount of R&D investment (RMB)	134,284,644.90	128,970,096.82	4.12%
Capitalized R&D investment as a percentage of R&D investment	24.14%	16.48%	Increase by 7.66 percentage points

The reason of great changes in the proportion of total R&D investment accounted for operation income than last year

√Applicable   □ Not applicable

During the reporting period, affected by the COVID-19 epidemic, the Company focus on resumption of the work

and production in the first half of the year, and some R&D projects were postponed resulting in a y-o-y decrease in amount of R&D investment.

Reason for the great change in R&D investment capitalization rate and rational description

Applicable  Not applicable

#### (v) Cash flow

In RMB

Item	2020	2019	Increase/decrease y-o-y(+,-)
Subtotal of cash in-flow from operation activity	16,120,150,110.69	17,770,961,164.50	-9.29%
Subtotal of cash out-flow from operation activity	14,716,633,888.23	16,485,957,179.46	-10.73%
Net cash flow from operation activity	1,403,516,222.46	1,285,003,985.04	9.22%
Subtotal of cash in-flow from investment activity	1,171,001,295.31	3,292,055,574.16	-64.43%
Subtotal of cash out-flow from investment activity	1,801,306,139.22	2,415,012,035.85	-25.41%
Net cash flow from investment activity	-630,304,843.91	877,043,538.31	-171.87%
Subtotal of cash in-flow from financing activity	2,049,754,910.57	1,731,668,612.80	18.37%
Subtotal of cash out-flow from financing activity	1,748,483,992.86	3,001,416,948.24	-41.74%
Net cash flow from financing activity	301,270,917.71	-1,269,748,335.44	123.73%
Net increased amount of cash and cash equivalent	1,039,722,339.59	901,164,287.58	15.38%

Main reasons for y-o-y major changes in aspect of relevant data

Applicable  Not applicable

The significant change in net cash flows from investment activities was mainly due to a y-o-y decline in cash received from the Company's recovery of investments during the Period.

The significant change in net cash flows from financing activities was mainly due to a y-o-y decrease in cash paid by the Company for debt repayment during the Period.

Reasons of major difference between the cash flow of operation activity in report period and net profit of the Company

Applicable  Not applicable

Mainly due to the increase in inventories and operating payable at end of the reporting period compared to the beginning of the year.

### III. Analysis of the non-main business

Applicable  Not applicable

In RMB

**IV. Analysis of assets and liability**

	Amount	Ratio in total profit	Note	Whether be sustainable (Y/N)
Investment income	78,127,214.62	-90.97%	Gains on delivery of the forward foreign exchange contracts in the period	N
Gains/losses from fair value changes	41,614,800.19	-48.46%	Gains in assessment of current forward foreign exchange contract in the period	N
Asset impairment	-78,711,657.91	91.65%	Provision for inventory depreciation and accrual of intangible assets impairment increased in the period	N
Non-operation income	8,468,605.41	-9.86%		N
Non-operation expenditure	7,644,641.64	-8.90%		N
Credit impairment	-17,058,488.00	19.86%		N

**(i) Major changes of assets composition**

Adjust relevant items of financial statements at the year of first implementation of the new revenue standards or new leasing standards since 2020

√Applicable    □Not applicable

In RMB

	Year-end of 2020		Year-begin of 2020		Ratio changes(+,-)	Note of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	6,594,786,789.98	40.95%	5,499,601,030.64	38.72%	2.23%	Mainly due to the increase of net cash flow from the company's operating activities in the current period.
Account receivable	1,130,275,780.66	7.02%	1,387,961,981.66	9.77%	-2.75%	Due to accelerated turnover of the account receivable
Inventory	1,715,354,951.43	10.65%	1,460,910,189.06	10.29%	0.36%	Turnover of the inventory declined in the Period
Investment real estate	53,888,462.00	0.33%	96,343,760.13	0.68%	-0.35%	Due to the transfer of investment real estate to fixed assets in the Period
Long-term equity investment	76,982,822.38	0.48%	88,556,511.70	0.62%	-0.14%	Joint venture has a deficit in the Period and declare the payment of cash dividends
Fix assets	2,391,859,440.31	14.85%	2,180,572,946.87	15.35%	-0.50%	Transferred from construction in progress increased in the period
Construction in progress	60,775,088.96	0.38%	252,494,792.31	1.78%	-1.40%	Construction in progress transferred to fixed assets in the period
Short-term loans	1,336,209,050.55	8.30%	1,103,991,045.96	7.77%	0.53%	Short-term loans increased in the Period
Long-term loans	188,231,439.30	1.17%	401,280,000.00	2.83%	-1.66%	The long-term loans due within one year

						from parent company were re-classified
--	--	--	--	--	--	--

**(ii) Assets and liability measured by fair value**

Applicable  Not applicable

In RMB

Items	Amount at the beginning period	Changes of fair value gains/losses in this period	Accumulative changes of fair value reckoned into equity	Devaluation of withdrawing in the period	Amount of purchase in the period	Sales in the period	Other changes	Amount at end of the period
Financial assets								
1.Trading financial assets (derivative financial assets excluded)	7,730,268.92	39,512,070.15						47,242,339.07
2.Derivative financial assets							1,632,388,702.83	1,632,388,702.83
3.Other debt investment	45,000,000.00	5,608,931.34			500,000,000.00	2,460,000.00		548,148,931.34
Subtotal of financial assets	52,730,268.92	45,121,001.49			500,000,000.00	2,460,000.00	1,632,388,702.83	2,227,779,973.24
Above total	52,730,268.92	45,121,001.49			500,000,000.00	2,460,000.00	1,632,388,702.83	2,227,779,973.24
Financial liabilities	1,081,534.93	3,506,201.30					-3,659.72	4,584,076.51

Other changes:

Other changes in the financing of accounts receivable were that the company reclassified the bills receivables that both aimed at collecting contractual cash flow (collection) and selling (endorsed or discounted) into accounts receivable financing during the current period. Other changes in financial liabilities are due to differences in the evaluation and conversion of forward foreign exchange contract of the subsidiary Indonesian Changhong .

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

Yes  No

**(iii) Assets right restricted ended as reporting period**

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



other assets have restriction on rights found more in relevant content of “57. Assets with restricted ownership or use rights” in “VI. Note of consolidate financial statement” carried under Section XII. Financial Report

## V. Investment

### (i) Overall situation

Applicable  Not applicable

Investment in the reporting (RMB)	Investment in the same period of last year ( RMB)	Changes
662,169,149.17	37,591,140.00	1,661.50%

### (ii) The major equity investment obtained in the reporting period

Applicable  Not applicable

In RMB

Name of invested	Principal business	Method of investment	Amount of investment	Shareholding ratio	Capital sources	Partners	Term of investment	Type of products	Status as of the balance sheet date	Expected return	Current investment profit and loss	Whether involved in a lawsuit(Y/N)	Date of disclosure (if applicable)	Index of disclosure (if applicable)
Anhui Tuoxing Science and Technology Co., Ltd.(note 1)	Technology research and development, technical consulting, technical services, processing, sales, design, installation, maintenance of refrigeration equipment; mechanical and electrical equipment installation; warehousing services (except dangerous goods); processing and sales of metal products.	Newly established	10,000,000	63.2683%	Own fund	N/A	Long-term	R&D, production and sales of the cryogenic refrigeration equipment	Contributed 5 million yuan in the reporting period	Not applicable	1,470,481.65	N	2019-4-20	Juchao Website: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> (Notice No.: 2019-025)
CH-Meiling International (Philippines) Inc.	Engage in the import & export, wholesale and distribution of all household appliances within the scope permitted by the law	Newly established	US\$ 1 million	100%	Own fund	N/A	50 years	Import & export, wholesale and distribution of household appliances	Contributed 1 million US dollar in the reporting period (exchange rate of USD to RMB is converted according to 6.8891)	Not applicable	-1,169,089.69	N	2019-12-07	Juchao Website: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> (Notice No.: 2019-083)

<p>Zhongshan Changhong Electric Co., Ltd.</p>	<p>Production: air conditioners, refrigerators and freezers, heat pumps, water heaters, air conditioning fans, electric fans, humidifiers, electric heaters, clothes dryers, dehumidifiers, air purifiers, air water generators, electric fireplaces, kitchen appliances and kitchenware, refrigeration units and spare parts for the above products; engaged in the import and export of self-produced products and raw and auxiliary materials, equipment and technology; engaged in software development and consulting.</p>	<p>Capital increase</p>	<p>334,000,000</p>	<p>100%</p>	<p>Own fund</p>	<p>Sichuan Changhong Air-conditioner Co., Ltd.</p>	<p>20 years</p>	<p>R&amp;D, manufacturing and foreign sales of air conditioner</p>	<p>Contributed 150 million yuan in the reporting period</p>	<p>Not applicable</p>	<p>-7,867,110.38</p>	<p>N</p>	<p>2020-3-28</p>	<p>Juchao Website: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> (Notice No.: 2020-012, 2020-018)</p>
<p>Changhong Meiling Daily Electric Technology Co., Ltd.</p>	<p>Research and development, production and sales: household electric appliances, non-electric household appliances, gas water heaters, gas boilers, heat accumulating type series electric heaters, kitchen and toilet furniture, audio-visual equipment, radio and television equipment, computers, communications and other electronic equipment, interior decoration materials, general equipment, water purification equipment, smart bags, personal hygiene products; software and information technology services; business management consulting services; second and third types of medical equipment operating companies;</p>	<p>Acquisition</p>	<p>83,000,000</p>	<p>99.0361%</p>	<p>Own fund</p>	<p>Hu Zhiheng</p>	<p>Long-term</p>	<p>R&amp;D, manufacturing and sales of kitchen &amp; small household appliances and water purifier</p>	<p>In reporting period, acquired the 0.18% equity of Daily Electric Technology held by individual shareholder Wu Changyuan with 280,049.17</p>	<p>Not applicable</p>	<p>40,773,010.71</p>	<p>N</p>	<p>2020-4-18</p>	<p>Juchao Website: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> (Notice No.: 2020-022)</p>

	goods and technology import and export.								Yuan					
Sichuan Changhong Group Finance Co., Ltd.	Provide financial and financing consulting services, credit verification and related consultation and agent services to member units; assist member units to realize the receipt and payment of transaction funds; approved insurance agency business; provide guarantee to member units; handle the entrusted loans between member units; conduct bill acceptance and discount for member units; handle internal transfer and settlement between the member units and corresponding settlement and clearing plan design; to absorb deposits of member units; conducting loans and financial leasing to member units; engaged in the interbank borrowing; handle entrusted investment between member units; securities investment other than stock investment; buyer's credit of products from member units; consumer credit of products from member units; spot settlement of foreign exchange; other business approved by the China Banking Regulatory Commission.	Capital increase	500,000,000	14.96%	Own fund	Changhong Group, Sichuan Long-term	Changhong, Chongqing Huayi	Provide financial and financing consulting services, credit verification and related consultation and agent services to member units	Complete the capital increase of 500 million yuan in the reporting period (including 402.9983 million yuan reckoned into registered capital and 97.0017 million yuan included in capital reserves)	Not applicable	--	N	2019-09-10, 2019-09-27, 2020-07-28, 2020-08-08	Juchao Website: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> (Notice No.: 2019-060, 2019-063, 2019-067, 2020-051 and 2020-054)
Hefei Changhong Meiling Life Electric Co., Ltd.	Research and sales of the household electric appliances, non-electric household appliances, gas stove, gas water heaters, gas boilers, fast heating electric water heater (electric heating wall-hung furnace), heat accumulating type	Newly established	50,000,000	70%	Own fund	Ningbo Long-term	Hongliang	R&D and sales of the household	No contribution in the reporting period	Not applicable	--	N	2020-12-12	Juchao Website: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> (Notice No.: 2020-097)

	series electric heaters, direct heating series electric heater; kitchen and toilet furniture, audio-visual equipment, radio and television equipment, computers, communications and other electronic equipment , interior decoration materials, general equipment, water purification equipment, luggage, personal care and personal hygiene items; health care products, massage equipment and hardware department; software and information technology services; business management consulting services; sales of second and third types of medical equipment ; goods and technology import and export. (the import & export of goods and technologies prohibited by the state or involving administrative examination and approval is excluded)					rise	Management	Partnership	(Limited Partnership)		d appliances, kitchen electrics and small appliances products			
Total	--	--	--	--	--	--	--	--	--	-	33,207,292.28	--	--	--

Note 1: After the deliberation and approval of the 21st meeting of the ninth board of directors of the company, it was agreed that the company's subsidiary company Zhongke Meiling invested 10 million yuan to invest in the establishment of a wholly-owned subsidiary Anhui Tuoxing Science and Technology Co., Ltd The Company holds 63.2683% equity of Zhongke Meiling, so the Company indirectly holds 63.2683% equity of Anhui Tuoxing Science and Technology Co., Ltd.

**(iii)The material non-equity investment in the reporting period**

Applicable  Not applicable

In RMB

Project Name	Investment Method	Invested with fixed assets (Y/N)	Industry involved in Investment Projects	Investment Amount in this Reporting Period	Accrued Actual Investment Amount up to the End of Reporting Period	Capital Source	Project Schedule	Anticipated Income	Accrued Realized Income up to the End of Reporting Period	Reasons for not Reaching the Planned Schedule and Anticipated Income	Disclosed Date (if any)	Disclosed Index (if any)
Production base project of annual output of 2 million washing machines(Phase II)	Self-built	Y	Manufacture of household appliances industry	41,301,431.18	75,485,894.10	Fund-raising	During the reporting period, "annual production base project of 2 million washing machines (phase II)" has been put into trial production in June, 2020. Up to now, the project has basically reached the intended serviceable state, and the acceptance of facilities and equipment has basically ended, and the remaining payment is still in the process of payment.	The production capacity of one million sets of automatic roller washing machine shall be formed after this project being put into operation	Approximately -36,700,000 yuan	During the reporting period, a combination of factors such as ramp up of capacity, impact of New Coronavirus pneumonia, sales of products, prices of bulk materials, depreciation and amortization led to losses in the project after trial production during the current reporting period.	2019-7-9; 2019-7-26	Juchao Website: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> (Notice No.: 2019-040, 2019-041, 2019-042, 2019-043 and 2019-047)
Total	--	--	--	41,301,431.18	75,485,894.10	--	--	-	-	--	--	--

Note 1: In order to further improve the efficiency of the company's use of raised funds, after careful study and demonstration, the 24<sup>th</sup> session of the 9<sup>th</sup> board of directors, the 13<sup>th</sup> session of the 9<sup>th</sup> board of supervisors, and the resolution of the second extraordinary general meeting of shareholders in 2019 approved and agreed that the company shall change the unused raised funds of 120 million yuan from the sub-project Freezer Intelligent Construction Project of the "Intelligent Manufacturing Construction Project" and put into the "Production base project of annual output of 2 million washing machines(Phase II)". The project (phase II) has been put into trial production in June 2020. Up to now, the project has basically reached the expected usable state, and the acceptance of facilities and equipment has been basically completed. Balance is still in the payment process.

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

Applicable  Not applicable

The Company had no securities investment in the reporting period.

**2. Derivative investment**

Applicable  Not applicable

In 10 thousand Yuan

Operator	Related relationship	Whether related trade or not(Y/N)	Type	Initial investment	Start date	End date	Investment amount at period-begin	Amount purchased in the reporting period	Amount sales in the reporting period	Amount of reserve for devaluation of withdrawing (if applicable)	Investment amount at period-end	Ratio of investment amount at period-end in net assets of the Company at period-end	Actual gains/losses in period
Financial institution	N/A	N	Forward foreign exchange contract	118,035.04	2019-6-28	2021-12-31	73,225.52	332,756.09	216,725.63	-	184,610.32	38.03%	4,645.66
Total				118,035.04	--	--	73,225.52	332,756.09	216,725.63	-	184,610.32	38.03%	4,645.66
Capital resource				Own fund									
Lawsuit involved (if applicable)				Not applicable									
Disclosure date for approval from the Board for investment of derivatives (if applicable)				2020-3-26									
Disclosure date for approval from board of shareholders for investment of derivatives (if applicable)				2020-5-29									
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>Risk analysis:</p> <p>1. Market risk: domestic and international economic situation changes may lead to exchange rate fluctuations, forward foreign exchange transactions are under certain market risk. Forward foreign exchange business is aiming to reducing impact on corporate profits by foreign exchange settlement and sale prices, exchange rate fluctuations. The Company will follow up the exchange fluctuation, on the basis of target rate determined from the business, relying on the research of the foreign currency exchange rates, combined with prediction of consignments, and burdening ability to price variations due to exchange rate fluctuations, then determine the plan of forward foreign exchange contracts, and make dynamic management to the business, to ensure reasonable profit level.</p> <p>2. Liquidity risk: all foreign exchange transactions are based on a reasonable estimate of the future import and export business, to meet the requirements of the trade authenticity. In addition, forward foreign exchange transactions are processed with bank credit, will not affect liquidity of company funds.</p> <p>3. Bank default risk: if cooperative banks collapse within the contract time, the Company will not be able to transact the original foreign exchange contracts with contract price, which leads the risk of income uncertainty. So the Company chose five state-owned banks, the Chinese-funded banks in shareholding enterprise as</p>									



	<p>Everbright Bank, Industrial Bank and the foreign-funded banks as UOB, OCBC, BEA etc. to conduct the trading of foreign exchange capital. These banks share a solid strength and management whose failure and the risk of loss may bring to the Company is very low.</p> <p>4. Operational risk: improper operation of the person in charge of forward foreign exchange transactions may cause related risk also. The Company has formulated related management system which defines the operation process and responsibility to prevent and control risks.</p> <p>5. The legal risks: unclear terms based in contract signed with banks for related transactions may lead legal risks when forward foreign exchange transactions are processing. The Company will strengthen legal review, and choose good bank to carry out this kind of business as to risk control.</p>
<p>Invested derivative products have changes in market price or fair value in the Period, as for analysis of the fair value of derivatives, disclosed specific applied methods and correlation assumption and parameter setting</p>	<p>The Company determines fair value in accordance with the Chapter VII “Determination of Fair Value” carried in the Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments. Fair-value is basically obtained according to prices offered by bank and other pricing services. While fair-value of derivatives is mainly obtained according to the balance between prices given by outstanding contracts and forward prices given by contracts signed during the reporting period with bank. The differences are identified as trading financial assets and liabilities. During the reporting period, forward foreign exchange contracts and losses of the Company is 46.4566 million Yuan.</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>
<p>Special opinion on derivative investment and risk control by independent directors</p>	<p>Upon inspection, the independent directors of the Company believes that: during the reporting period, the Company carried out its foreign exchange forward deals in strict compliance with the <i>Standardized Operation Guidelines for Listed Company</i> issued by Shenzhen Stock Exchange, the <i>Articles of Association, Authorization Management of the Company, Management System in relating to Foreign Exchange Forward Deals of Hefei Meiling Co., Ltd.</i>, and these deals were conducted within the authorization scope under general meeting and board meeting. The Company conducts no foreign exchange transactions on the purpose of getting profit only, all of the forward foreign exchange transactions are operates based on normal operating and production, which is relying on specific business operations with purpose of avoiding the preventing the risks in exchange rate. The forward foreign exchange transactions of the Company are beneficial to prevent the exchange risks exposed by import and export business and thus met its requirement for operation development. There was no speculative operation, no break of relevant rules and regulations and relevant business was conducted under corresponding decision-making procedures. Interests of the Company and entire shareholders, especially minority shareholders, were not prejudiced.</p>

(v) Application of raised proceeds

√ Applicable □ Not applicable

1. Overall application of raised proceeds

√ Applicable □ Not applicable

In 10 thousand Yuan

Raising year	Way	Total raised capitals	Total raised capital used in Period	Total accumulative raised capitals used	Total raised capital has purpose of uses changed in Period	Cumulative raised capitals has purpose of uses changed in total	Ratio of cumulative raised capitals has purpose of uses changed	Total accumulative raised capitals unused	Usage of the retained raised capitals and what is expected to invested with those capitals	Raised capitals idle for more than two years
2016	Non-public offering of A-shares	154,073.272276	9,442.380857	107,553.992006	0	47,246.035127	30.66%	15,652.444656	The raised funds that the Company has not run out will continue to complete the corresponding investment as planned. Meanwhile, the unused raised funds shall all be deposited in the designated special account for raised funds. Without affecting the implementation progress of the raised project, the Company will use the idle raised funds to purchase financial products, which will explain on part of the item “note 3:usage and directions of the raised funds that have not yet been used” under “2.Situation of committed project of raised proceed” in this section.	--
Total	--	154,073.272276	9,442.380857	107,553.992006	0	47,246.035127	30.66%	15,652.444656	--	
Explanation on General usage of raised capital										
Being deliberated and approved by 1 <sup>st</sup> extraordinary shareholders meeting of 2016 and 17 <sup>th</sup> session of 8 <sup>th</sup> BOD, and verified by the Reply on Private Placement of Hefei Meiling Co., Ltd. (CSRC XK [2016]										

No.1396) issued from CSRC, the Company successfully offering 280,858,676 shares (A-stock) to 7 qualified investors, including Sichuan Changhong Electric Co., Ltd. (hereinafter referred as to Sichuan Changhong), with price of 5.59 Yuan/Share and face value of 1.00 Yuan. According to the Verification Report XYZH/2016CDA40272 issued by Shine Wing Certified Public Accountants (LLP), total raised fund amounting to 1,569,999,998.84 Yuan, less vary issuance changes (tax included) 29,267,276.08 Yuan, raised fund amounts to 1,540,732,722.76 Yuan.

Ended as 31 December 2020, actually fund of raised used accumulative amounted as 1,075,539,920.06 Yuan in total, balance of the account for fund raised counted as 156,524,446.56 Yuan (including interest income accumulative amounted as 3,770,265.96 Yuan and income from financial product at expiration 39,525,852.13 Yuan)

The Company accumulative used the fund raised amounted as 1,075,539,920.06 Yuan, the use of purpose including: intelligent construction has 346,484,617.85 Yuan in used; R&D ability for intelligence and new products for intelligent household appliance has 413,173,638.44 Yuan in used; smart life project totally used 45,001,600.00 Yuan; used in current fund supplementary counted as 270,880,063.77 Yuan (including saving interest of 147,341.01 Yuan)

**2. Situation of committed project of raised proceed**

Applicable  Not applicable

In 10 thousand Yuan

Committed investment projects and over-raised fund investment	Change the project (Y/N) (including partially changed)	Total raised-fund commitment	Investment after adjustment (1)	Invested in the period	Cumulative investment amount till end of Period-end (2)	Investment progress till end of period-end (3) = (2)/(1)	Date of reach a predetermined state of use	Benefit achieved in the Period	Achieved expected benefits (Y/N)	Major changes of project feasibility (Y/N)
Committed investment project										
Construction of intelligent manufacturing project	Partial change	39,100.00	39,100.00	6,356.017785	34,648.461785	88.61%	Intelligent manufacturing (Hefei) project: end of December 2020;	3,233	N	N
							Annual output of 2 million washing machine production base project (phase II): trial production in June 2020	-3,670	N	

Construction of intelligent R&D capability and new products development of the intelligent appliance technology	Partial change, the procedures for final approval completed	55,900.00	48,188.658476	3,086.363072	41,317.363844	85.74%	The project reach the intended usable state at end of the 2019	--	Not applicable	N
Intelligent life project	Change completed	32,000.00	4,500.16	0	4,500.16	100.00%	--	--	Not applicable	Y
Supplementary the floating capital	No changes	27,073.272276	27,073.272276	0	27,088.006377	100.05%	--	--	Not applicable	N
Subtotal of committed investment project	--	154,073.272276	118,862.090752	9,442.380857	107,553.992006	--	--	--	--	--
Investment of the over-raised fund										
No over-raised fund in the Period										
Payment of bank loans (if applicable)	--						--	--	--	--
Supplementary the floating capital (if applicable)	--						--	--	--	--
Subtotal of over-raised fund investment	--					--	--	--	--	--
Total	--	154,073.272276	118,862.090752	9,442.380857	107,553.992006	--	--	--	--	--
Conditions and reasons of failure to meet schedule or predicted income (by specific projects)				Found in Note 1						
Description of major changes in project feasibility				Not applicable						
Amount, use of purpose and usage progress of the excessive raised fund				Not applicable						
Change of the implementation location of project with investment of raised fund				Not applicable						

Adjustment of the implementation ways of project with investment of raised fund	Not applicable
Early investment and replacement with the raised fund	Found in Note 2
Temporary replacement of the working capital with idle raised funds	Not applicable
Amount and reasons of cash surplus in raised funds during implementing the project	Not applicable
Use purpose and destination of the raised funds un-used	Found in Note 3
Problems or other circumstances in the use of raised funds and its disclosure	Relevant information with raised funds concerned are disclosed in a timely, true, accurate and complete manner, there is no violation in the deposit, use, management and disclosure of the raised funds.

**Note 1:****1. “Construction of intelligent manufacturing project”:**

(1) the original planning construction period of “construction of intelligent manufacturing (Hefei) project” is 3-year, and with purpose of regulating the use of raised funds, the resolution of the 20<sup>th</sup> session of the 9<sup>th</sup> BOD and the 11<sup>th</sup> session of the 9<sup>th</sup> Supervisory Committee of the Company passed and agreed to postpone the date that the project achieves the scheduled serviceable condition to the end of December 2021. Up to now, the “construction of intelligent manufacturing (Hefei) project” has basically reached its intended use status. During the reporting period, due to the impact of the COVID-19 epidemic, and the combined impact of the decline in the company's sales scale and the increase in prices of bulk materials, the project's revenue during the reporting period did not meet expectations.

(2) During the reporting period, “annual production base project of 2 million washing machines (phase II)” has been put into trial production in June, 2020. Up to now, the project has basically reached the intended serviceable state, and the acceptance of facilities and equipment has basically ended, and the remaining payment is still in the process of payment. During the reporting period, a combination of factors such as ramp up of capacity, impact of New Coronavirus pneumonia, sales of products, prices of bulk materials, depreciation and amortization led to losses in the project after trial production during the current reporting period..

**2. “Construction of intelligent R&D capability and new products development of the intelligent appliance technology”**

In order to accelerate the implementation of the company's “intelligent research and development projects”, shorten the development cycle of intelligent products, improve the company's research and development capabilities, and reduce the repeated investments in resources, the resolutions of the 31<sup>st</sup> meeting of the ninth board of directors, the 16<sup>th</sup> meeting of the ninth board of supervisors, and the 4<sup>th</sup> extraordinary shareholders' meeting in 2019 passed and agreed the company to change the use and investment of some of the funds raised in the “intelligent research and development project”, and use them to purchase intelligent infrastructure platform construction and software R & D platforms and other R & D assets from Sichuan Changhong Electric Co., Ltd. and its subsidiaries. The pricing of the related transactions was subject to the appraised value of the underlying asset as of September 30, 2019, and the transaction price was determined to be 46,617,300 yuan. Up to now, relevant assets with the transaction involved has not been completed, and the transaction capital has not been paid.

Furthermore, according to the resolutions of the 33<sup>rd</sup> meeting of the ninth board of directors of the company, and the 1<sup>st</sup> extraordinary shareholders' meeting in 2020, passed and agreed the company to close the “intelligent research and development project” and use the project's surplus raised funds of 125,084,220.44 yuan (including interest income of 47,970,805.20 yuan from wealth management and deposits) as of November 30, 2019 and the interest settled in the future to permanently supplement the company's working capital, and the specific amount was subject to the actual balance of the special account after deducting the balance of reserved contract and the guarantee deposit on the day the funds were transferred out. At the same time, a total of 114,368,326.60 yuan, including the balance of the contract to be paid and the guarantee deposit would be reserved in the fund raising account and paid in accordance with the contract agreement.

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 will continue to be used to pay the contract balance and guarantee deposit. During the report period, totally 30,863,630.72 yuan have been paid for the contract balance and guarantee deposit. As of the reporting period, remaining raised fund amounted to 69,906,907.07 yuan.

**3. “Intelligent life project”**

The resolutions of the 24<sup>th</sup> meeting of the ninth board of directors of the company, the 13<sup>th</sup> meeting of the ninth board of supervisors, and the 2<sup>nd</sup> extraordinary shareholders' meeting in 2019 passed and approved the company to terminate the implementation of the "Intelligent life project" and use the remaining raised funds and financial management interest of the project to permanently supplement the working capital. The company has withdrawn the remaining funds raised and interest income from this account, a total of 305,843,051.27 yuan, to permanently supplement the company's working capital. After the withdrawal, the remaining funds of the special account for the raised funds were 0 yuan, and the account was cancelled. Meanwhile, the implement subject - Changmei Technology Co., Ltd. (hereinafter referred to as the "Changmei Technology") has been liquidated and cancelled.

#### 4. "Supplementary the floating capital "

The investment progress exceeded 100%, and mainly due to the use of raised funds containing the deposit interest of raised funds.

##### Note 2: Early investment and replacement with the raised fund

Ended as 31 October 2016, the Company contributed self-raised fund 63,984,738.91 yuan for the raised-fund investment project, the money has replaced as 63,984,738.91 yuan. Shine Wing CPA (LLP) made a special audit for pre-investment and carried out an Assurance Report on Invested Self-raised fund to the Raised-fund Investment Before Hand (XYZH/2016CD40285) (hereinafter referred as to Assurance Report). Replacement are as:

In 10 thousand Yuan

Raised-fund investment project	Total investment	Commitment capital for raised-fund project	Investment of self-raised fund invested till end of 31 October 2016	Amount replaced
Construction of intelligent manufacturing project	39,870.65	39,100.00	2,545.41	2,545.41
Construction of intelligent R&D capability and new products development of the intelligent appliance technology	55,900.00	55,900.00	2,053.06	2,053.06
Intelligent life project	32,076.00	32,000.00	1,800.00	1,800.00
Total	<b>127,846.65</b>	<b>127,000.00</b>	<b>6,398.47</b>	<b>6,398.47</b>

The replacement has been deliberated and approved by the 27<sup>th</sup> session of 8<sup>th</sup> BOD and 14<sup>th</sup> session of 8<sup>th</sup> supervisory committee, independent directors are proposed an agreeable independent opinion, and sponsor institution carried out a verification opinion without objection.

##### Note 3: Use purpose and destination of the raised funds un-used

The raised-fund have not been used will continues to completed the corresponding investment according to the project implementation plan. Meanwhile, according to the raised-fund investment plan, and been deliberated and approved by the Board, the Board of supervisors and shareholder general meeting at beginning of 2020, agreeable independent opinion from independent directors and with the verification opinion without objection issued by sponsor institution, it's agreed the Company to use the idle raised fund of no more than 199 million Yuan (the amount can be rolled over) to invest in principal-protected financial products.

In March 2021, as deliberated and approved by the fifth meeting of the tenth board of directors and the fourth meeting of the tenth board of supervisors of the company, independent directors issued agreed independent opinions, and the sponsor institution issued non-objectionable verification opinions, agreeing that the company can use idle raised funds of no more than 120 million yuan (the quota can be used on a rolling basis) to invest in capital-guaranteed wealth management products. This matter still needs to be submitted to the company's general meeting of shareholders for review and approval.

Up to now, the unused raised funds of the Company are all deposited in the designated special account for raised funds. Purpose of the fund-raising projects has not changed.

3.Change of the raised funds

√ Applicable □ Not applicable

In 10 thousand Yuan

Project after changed	Corresponding original commitment item	Total raised funds plans to invest after change (1)	Amount actually invested in the period	Cumulative investment amount actually till end of Period-end (2)	Investment progress till end of period-end (3)=(2)/(1)	Date of reach a predetermined state of use	Benefit achieved in the Period	Achieved expected benefits (Y/N)	Major changes of project feasibility after changed (Y/N)
Production line for the annual capacity of 2 million washing machines(Phase II)	freezer intelligent construction project	12,000	4,130.143118	7,548.58941	62.90%	June 2020	-3,670	N	N
Supplementary the floating capital permanently	Intelligent life project	30,584.305127	0	30,584.305127	100%	--	--	--	N
Purchase part of the assets of intelligent R&D project	Self-built part of the assets of intelligent R&D project	4,661.73	0	0	0%	--	--	Y	N
Supplemented the working capital permanently with the surplus raised funds of intelligent R&D project	Constructed an intelligent R&D project	12,676.636264	12,676.636264	12,676.636264	100%	Withdraw on 15 Jan. 2020	--	Y	N
<b>Total</b>	--	59,922.671391	16,806.779382	50,809.530801	--	--	--	--	--
Reasons for changes, decision-making procedures and information disclosure (explain by specific project)	<p>1. The company optimized the layout of the freezer’s production capacity through intelligent upgrading and rebuilding, improved the freezer’s production capacity and efficiency, and the freezer’s production capacity has been able to meet the market demand. The project had not been implemented, and the feasibility of the project had undergone major changes, if the company continued to implement the “freezer intelligent construction project”, it would not be able to achieve the expected economic benefits and would face market and investment risks. Approved by the resolutions of the 24<sup>th</sup> meeting of the ninth board of directors, the 13<sup>th</sup> meeting of the ninth board of supervisors, and the 2<sup>nd</sup> extraordinary shareholders meeting in 2019 agreed the company to change the unused raised funds of 120 million yuan for the “intelligent construction of freezer” invest in the “production base project for annual production of 2 million sets of washing machines (Phase II)”. Found more on relevant announcement (Notice No.: 2019-040, 2019-041, 2019-042 and 2019-047) released on 9 July 2019 and on 26 July respectively. During the reporting period, "annual production base project of 2 million washing machines (phase II)" has been put into trial production in June, 2020. Up to now, the project has basically reached the intended serviceable state, and the acceptance of facilities and equipment has basically ended, and the remaining payment is still in the process of payment. During the reporting period, a combination of factors such as ramp up of capacity, impact of New Coronavirus pneumonia, sales of products, prices of bulk materials, depreciation and amortization led to losses in the project after trial production during the current reporting period.</p>								



2. As the main body of the company's "Intelligent life project", Changmei Technology used its own refrigeration equipment manufacturing advantages to look for new paths for enterprise development. However, due to the heavy asset burden, low turnover rate, high operation and maintenance and property costs, it sustained losses. After careful research, the company considered that the original business model of the smart life project was no longer competitive, if the company continued to implement the investment project with the raised funds, it would be difficult to achieve the expected investment income and may even generate greater losses. The resolutions of the 24<sup>th</sup> meeting of the ninth board of directors of the company, the 13<sup>th</sup> meeting of the ninth board of supervisors, and the 2<sup>nd</sup> extraordinary shareholders' meeting in 2019 passed and approved the company to terminate the implementation of the "Intelligent life project" and use the remaining raised funds and financial management interest of the project to permanently supplement the working capital. Found more on relevant announcement (Notice No.: 2019-040, 2019-041, 2019-043 and 2019-047) released on 9 July 2019 and on 26 July respectively. The company has withdrawn the remaining funds raised and interest income from this account, a total of 305,843,051.27 yuan, to permanently supplement the company's working capital. After the withdrawal, the remaining funds of the special account for the raised funds were 0 yuan, and the account was cancelled. Meanwhile, the implement subject - Changmei Technology Co., Ltd. (hereinafter referred to as the "Changmei Technology") has been liquidated and cancelled.

3. In order to accelerate the implementation of the company's "intelligent research and development projects", ensure the independence of intelligent research and development technology, shorten the development cycle of intelligent products, improve the company's research and development capabilities, and reduce the repeated investments in resources, the resolutions of the 31<sup>st</sup> meeting of the ninth board of directors, the 16<sup>th</sup> meeting of the ninth board of supervisors, and the 4<sup>th</sup> extraordinary shareholders' meeting in 2019 passed and agreed the company to change the use and investment of some of the funds raised in the intelligent R&D ability construction and Development on new products of Household Technology (hereinafter, the "intelligent research and development project"), and use them to purchase intelligent infrastructure platform construction and software R & D platforms and other R & D assets from Sichuan Changhong Electric Co., Ltd. and its subsidiaries. The pricing of the related transactions was subject to the appraised value of the underlying asset as of September 30, 2019, and the transaction price was determined to be 46,617,300 yuan. Found more on relevant announcement (Notice No.: 2019-077, 2019-078, 2019-079 and 2019-087) released on 30 October 2019 and on 28 December respectively.

Up to now, relevant assets with the transaction involved have not been transferred, the transaction funds have not been paid.

4. As the construction of the "intelligent research and development project" was completed and reached its intended use, the resolutions of the 33<sup>rd</sup> meeting of the ninth board of directors of the company, the 17<sup>th</sup> meeting of the ninth board of supervisors, and the 1<sup>st</sup> extraordinary shareholders' meeting in 2020 passed and agreed the company to close the "intelligent research and development project" and use the project's surplus raised funds of 125,084,220.44 yuan (including interest income of 47,970,805.20 yuan from wealth management and deposits) as of November 30, 2019 and the interest settled in the future to permanently supplement the company's working capital, and the specific amount was subject to the actual balance of the special account after deducting the balance of reserved contract and the guarantee deposit on the day the funds were transferred out. At the same time, a total of 114,368,326.60 yuan, including the balance of the contract to be paid and the guarantee deposit would be reserved in the fund raising account and paid in accordance with the contract agreement. Found more on relevant announcement (Notice No.: 2019-088, 2019-089, 2019-091 and 2020-002) released on 26 December 2019 and on 11 Jan. 2020 respectively.

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 amounted to 99,576,577.04 yuan, which would continue to be used to pay the contract balance and guarantee deposit.

Conditions and reasons of failure to meet

"annual production base project of 2 million washing machines (phase II)" has been put into trial production in June, 2020. Up to now, the project has basically reached the intended serviceable state, and the acceptance of facilities and equipment has basically

schedule or predicted income (by specific projects)	ended, and the remaining payment is still in the process of payment. During the reporting period, a combination of factors such as ramp up of capacity, impact of New Coronavirus pneumonia, sales of products, prices of bulk materials, depreciation and amortization led to losses in the project after trial production during the current reporting period.
Presentation on the major changes in project feasibility after changed	N/A

## VI. Sales of major assets and equity

### (i) Sales of major assets

Applicable  Not applicable

No major assets are sold in the period

### (ii) Sales of major equity

Applicable  Not applicable

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

Applicable  Not applicable

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

In RMB

Company name	Type	Main business	Register capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Zhongke Meiling Cryogenic Technology Co., Ltd.	Subsidiary	Research and development, manufacturing and sales of ultra-low temperature freezer	72,548,200	519,797,336.61	187,342,617.80	372,599,049.12	52,505,467.23	46,042,179.72
Jiangxi Meiling Electric Appliance Co., Ltd.	Subsidiary	Manufacturing of refrigeration and freezer	50,000,000	272,788,771.29	118,905,342.75	799,719,795.05	15,029,794.60	15,120,453.27
Mianyang Meiling Refrigeration Co., Ltd.	Subsidiary	Manufacturing of refrigeration and freezer	100,000,000	133,244,137.78	121,488,167.08	467,203,173.04	2,011,242.27	2,044,726.95
Sichuan Changhong Air-conditioner Co., Ltd.	Subsidiary	R&D, manufacturing and domestic sales of air-conditioning	850,000,000	2,667,138,918.78	1,089,203,073.93	2,865,034,256.60	-206,091,852.70	-199,691,126.79
Zhongshan Changhong Electric Co., Ltd.	Subsidiary	R&D, manufacturing and foreign sales of air-conditioning	334,000,000	1,329,478,310.66	120,879,009.69	2,290,756,655.16	-7,709,902.74	-15,362,802.30
Hefei Meiling Group Holdings Limited	Subsidiary	Sales of white goods	80,000,000	1,059,154,744.01	-138,613,658.55	4,839,921,604.80	27,836,273.95	29,189,020.65
Changhong Meiling Daily Electric Technology Co., Ltd.	Subsidiary	R&D, manufacturing and sales of kitchen and toilet products, small home appliances and water purifier	83,000,000	623,405,807.11	134,502,720.48	1,083,259,433.15	49,608,605.20	41,169,846.86

**(ii) Subsidiary obtained and disposed in the period**

√ Applicable □ Not applicable

Company name	The method of obtaining and disposing subsidiaries during the report period	The influence to the whole production and performance
Hefei Changhong Meiling Life Electric Co., Ltd.	Investment and Establishment	A controlling subsidiary of the Company. And jointly established by the Company and Ningbo Hongling Enterprise Management Partnership (Limited Partnership) with registered capital of 50 million yuan. Establishment of the enterprise is to realize the transformation and upgrading of the Company's daily electric industry and promote the rapid and sound development of the daily electric industry
CH-Meiling International (Philippines) Inc.	Investment and Establishment	Wholly-owned subsidiary of the Company with registered capital of one million US dollars. The enterprise was established to further enhance the brand awareness of the Company's products in Southeast Asian countries and expand the scale of overseas sales of the Company's home appliances.
Guangxi Huidian Household Electrical Appliances Co., Ltd.	Clearing off	Minor effect on the overall production and operation and performance of the company
Changmei Technology Co., Ltd.	Clearing off	Minor effect on the overall production and operation and performance of the company
Chengdu Meiling Electrical Marketing Co., Ltd	Merger by absorption	Minor effect on the overall production and operation and performance of the company
Fuzhou Meiling Electrical Marketing Co., Ltd	Merger by absorption	Minor effect on the overall production and operation and performance of the company
Nanjing Meiling Electrical Marketing Co., Ltd	Merger by absorption	Minor effect on the overall production and operation and performance of the company
Hangzhou Meiling Electrical Marketing Co., Ltd	Merger by absorption	Minor effect on the overall production and operation and performance of the company
Shanghai Meiling Electrical Marketing Co., Ltd	Merger by absorption	Minor effect on the overall production and operation and performance of the company
Beijing Meiling Electrical Marketing Co., Ltd	Merger by absorption	Minor effect on the overall production and operation and performance of the company

**(iii) Description of the holding company and stock-jointly companies**

The Company has no major holding and stock-jointly enterprise should be disclosed in the period

**VIII. Structured entity controlled by the Company**

□ Applicable √ Not applicable

**IX. Future Development Prospects**

**(i) Macro environment analysis**

Looking forward to 2021, the Chinese economy in the post-epidemic era will usher in a bottoming out and rebound, but the Chinese economy will face many risks and challenges at home and abroad in the future. From the perspective of influencing factors, weakening global economic growth, repeated epidemics at home and abroad, and geopolitical risks, Sino-US and Sino-Australian trade frictions, exchange rate fluctuations, and the rise of unilateral isolationism are still important factors affecting China's economic development. From the perspective of economic risks, real estate price crisis, local government debt, exchange rate and currency crisis, potential risks such as international financial transmission and withdrawal of foreign capital are increasingly becoming potential factors that hinder the stable development of China's economy in the future.

**(ii) Industry environment analysis****(1) Refrigerator (freezer) industry**

The demand for household storage refrigeration driven by the epidemic has increased significantly, and the surge in overseas demand has led to a significant increase in the dependence of global refrigerator production capacity on China. Driven by demand, the prices of raw materials once remained high and continued to rise, laying a sufficient foundation for the price increase in the refrigerator market. At the same time, affected by the epidemic, the share of online sales rose sharply in 2020, leading to a slight decline in the average price of the industry. In 2021, the refrigerator market is expected to increase the average price of all channels. All View Cloud (AVC) forecast data shows that in 2021, the refrigerator market will have a retail volume of 33.21 million units, a year-on-year increase of 2.5%; retail sales will be 91.9 billion yuan, a year-on-year increase of 3.1%.

**(2) Air-conditioning industry**

In 2021, with the recovering of real estate market, new demand for air conditioners is expected to improve. According to statistic data from All View Cloud, in the domestic air-conditioning market with a high inventory of over 450 million units, renewal demand has become a strong guarantee for future demand, combined with the historical annual rules of the air-conditioning market, air conditioners shall always usher in a sales bumper year for every 3-4 years. AVC predicts that the retail volume of China's air-conditioning market will be 59.24 million units in 2021, a year-on-year increase of 15.7%, and retail sales of 195.3 billion yuan, a year-on-year increase of 26.5%.

**(3) Washing machine industry**

In recent years, the washing machine market has tended to a period of stock consolidation, the market demand is mainly for upgrading, and insufficient demand has become the norm in the industry. Especially under the influence of the COVID-19 epidemic, the overall growth rate of the industry has declined. Given that the domestic epidemic situation is becoming more stable, the possibility of a large-scale outbreak is very small, and at the same time, due to the stable market demand for washing machine replacement and the steady pace of product iteration, it is expected that the washing machine market in 2021 will show continued stability in the market, continuous channel transfer, and continuous structural upgrade.

#### **(4) Kitchen & bathroom, small appliance**

In terms of the kitchen appliance industry, under the influence of the COVID-19 epidemic, due to the restrictions on logistics, channels, installation and other factors, it has fallen into a negative growth in 2020. However, the epidemic has also given millions of families time and space to cook, awakening people's love and enthusiasm for cooking. At the same time, the health needs spawned by the epidemic have also created powerful new links between companies and consumers.

In terms of the small home appliance industry, from the channel level, the arrival of the epidemic has led to the rapid development of online channels and the maturity of live streaming sales, and online channels have become the main sales channels for small home appliances. From the perspective of category, consumption continues to escalate and the population is continuously subdivided, resulting in a diversified demand. Many emerging small home appliances categories emerge after the epidemic, injecting new opportunities into the small home appliance market.

#### **(5) Biomedical**

At present, domestic brands in our country's medical device industry have a relatively low market share, and there is still a large room for import substitution. In recent years, in order to promote the development of domestic medical equipment, the supervisory authorities have introduced a number of measures to encourage the purchase of domestic equipment, which is expected to promote the import substitution process of domestic medical equipment. The COVID-19 epidemic has placed the construction of our country's public health system in a prominent position, the country and many provinces and cities have introduced a series of policies and measures to support the construction of the public health system. Under the dual factors of continuous policy promotion and technological breakthroughs of domestic device companies, the domestic medical devices are gaining market access at a faster rate. At the same time, as end-use customer needs change, we believe that manufacturers of digital, automated products and comprehensive service capabilities will have an advantage in future competition.

#### **(iii) Development strategy**

##### **1. Vision**

Be a leading brand in China, World Class and respectable household appliance enterprise.

##### **2.Strategy direction**

Based on the direction of digitalization and intelligence, we will firmly takes the road of market-driven, product leadership, efficiency breakthrough and team activation, make efforts to promote the business profitability and healthy growth, and realize the “Meiling Dream” of becoming a China leading, world-class and respectable home appliance enterprises

#### **(iv) Operation plan for year of 2021**

##### **1.Business objective**

In 2021, the company will strive to achieve growth rate higher than the average of the industry based on benign

development and strive to turn the net profit attributable to the parent company from losses into gains.

## 2. Business policy

The company's operation policy for 2021 is "market-driven, product leadership, efficiency breakthrough and team activation". Focus on customers in the market, provide consumers with products with unique value, introduce a three-tier incentive mechanism of "KPI+GPI+value sharing" in operation, and promote digital transformation and intelligent upgrading.

**Market-driven:** Promote healthy development with a market driven process.

In the domestic markets, focus on raising average prices, adjusting structure, and controlling profits and losses, on the one hand, promote high-quality goods, clarify various product business cards, focus on business cards saturated promotion, and create product labels. On the other hand, we will unswervingly promote the transformation of marketing organization, continue to attack online channels, strengthen e-commerce team building, carry out digital operations, try cross-industry developing, expand distribution, develop online channels, and increase the share of online refrigerators; while transform and upgrade offline channels, strengthen terminal capabilities, adjust structure, and increase gross profit margin.

In the overseas markets, the guiding ideology is to carry out e-commerce transformation and embrace new media. Make key breakthroughs in the refrigerator and washing machine business through industry benchmarking, focus on strategic markets, key markets and potential markets, and capture market increments; accelerate brand business; seek profit increments through cost reduction and efficiency improvement, and logistics efficiency raising. For air-conditioning business, focus on core major customers and adjust the customer structure.

### Product leadership:

Adhere to "productism" in a long term, continue to attach importance to product development, focus on users, and provide consumers with unique value-added products.

Product competitiveness enhancement: make breakthroughs in core technology and promote the taste, quality and category of products to empower products and brands, create differentiated and high-profit products with Meiling characteristics; strengthen cost and leading efficiency through "five-izations and three easy" and competitive product benchmarking, create cost-effective hot sale products. Refrigerators focus on "fresh, thin and clean", air conditioners focus on "extremely quiet, extremely economical, and extremely intelligent", washing machines focus on "thin, large, simple", kitchens and small appliances focus on "water ecological household appliances and influential brand in operational services, while biology and medical conducts product layout around " life sciences ,cold chain and health market opportunities".

R&D capability enhancement: continue to build hard-core technology in technological creativity. With regard to the improvement of basic R&D capabilities, drive market-oriented product development, define business entities, and consolidate product business operations. Continue to increase R&D investment, build basic R&D capabilities in talents, professional laboratories, IT tools, R&D knowledge, etc., optimize organization, process, and systems,

and continuously improve R&D per capita output, R&D cycle, and the efficiency in five-izations and three easy.

### **Efficiency breakthrough:**

Fully promote the benchmarking, catch up with the benchmark, narrow the gap, and strive to surpass.

(1) In terms of improving the efficiency of research and development, increase the success rate of new products on the market through accurate user research, platform and cabinet focus, the effective operation of the product management system. Optimize the review system of the technical expert committee and improve the efficiency tools to shorten the project development cycle.

(2) In terms of improving manufacturing efficiency, reduce manufacturing costs by improving efficiency in both technology and management. In terms of technology, it is necessary to do a good job in key projects such as fewer staff, lean production, foaming process innovation, and automation. In management, do a good job in important matters such as staff stability, team activation, reduce the variable manufacturing overhead expenses per product.

(3) In terms of quality improvement, start from meeting the high-quality needs of users, always focus on controlling quality risks, reducing quality costs, and improving quality reputation, and reduce the return rate through strategies such as clearing out the responsibility list, high target traction, and focusing on key issues, etc. .

(4) In terms of improving capital efficiency, on the one hand, shorten the logistics and delivery time cycle, strictly control the turnover of commercial inventory, and accelerate the turnover of factory dumps. On the other hand, strengthen the special clean-up of credit overdue and control of the credit line, which greatly improve the capital efficiency.

### **Team activation:**

In order to comprehensively and effectively evaluate the performance growth of employees and encourage employees to improve their professional competence, the company has introduced GPI (employee performance growth indicator) evaluation on the basis of the existing KPI system, and built a three-tier incentive system of "KPI+GPI+value sharing" to motivate employees' vitality, which on the one hand enhances the company's overall competitiveness, on the other hand, pursues excellence to realize the enhancement of its own value, thereby promotes the company's overall performance and sustainable development.

## **3. Market strategy**

### **(1) Refrigerator (freezer)**

In the domestic markets, we will unswervingly carry out the transformation of the marketing organization, make "high-quality goods" + "hot sale products", increase scale, improve margins, transform and upgrade offline channels, and improve retail channel capabilities; strengthen online channels and face and participate in the competition.

In the overseas markets, quickly expand the scale on the premise of reasonable profits, continue to do a good job in "focusing on products, focusing on markets, focusing on customers", and improve product competitiveness



through continuous promotion of air cooling, inverter, and large volume products; constantly increase market share by focusing on strategic markets, key markets, and potential markets, and constantly increase market share; focus on strategic customers and key customers, develop potential customers, and focus and increase customer concentration. At the same time, accelerate the development of overseas independent brand business.

## **(2) Air-conditioning**

In the domestic markets, we pursue a benign priority, seize the opportunity to upgrade the functions of "fresh air, self-cleaning, and comfortable air", and create a "high-quality goods" + "hot sale products" model. Develop e-commerce, focus on the base market, fully benchmark against each other, and insist on profitable scale growth.

In the overseas markets, continue to improve operational efficiency, improve operational quality, and ensure both scale and profit growth; make breakthroughs in product strength, fill gaps in order to find increments, adjust structure to increase gains and losses, and upgrade platform for development; make breakthroughs in channel construction, promote self-owned brands and exert strength in e-commerce.

## **(3) Washing machine**

Carry out channel marketing work by centering on "strengthening O2O, consolidating foundation, and laying out chain", and continue to expand the export business; according to the strategic choice of "excellent quality, product differentiation", take "quality first" and "product innovation" as the quality control strategy and product development strategy, and create Meiling washing machine "ultra-thin body", "super-large drum diameter" and "one-key smart washing" to build the core competitiveness of products.

## **(4) Kitchen and bath, small household appliances**

Kitchens, bathrooms, and small household appliances must implement the business ideas of "product traction, marketing transformation, operation enhancement, and team activation", and use core product operations as the starting point to promote the integration of research, production and marketing, open up the value chain, and enhance product competitiveness. We will strive to achieve the goal of entering the second camp of the industry for water heaters, and make further progress for drinking water products in 2021, so as to stabilize the level of industry status. As for the team, we will continue to improve the self-support capabilities, and innovatively launch small and micro support projects to activate the team.

## **(5) Bio-medical care**

Unswervingly implement the development strategy based on the related diversification in the bio-medical field, center on the business framework layout of life science, smart cold chain, and family health, go deep into the life science channel system construction, promote product upgrade iterations and new technology innovation research and development to drive services and improve efficiency; based on regular cold storage business, move towards automated cold storage, and steadily expand smart cold chain business; promote the launch of new family health products, and accumulate channel expansion to promote the rapid growth of the company.

The above business plan and business objectives do not represent the listed Company's profit forecast of 2021, whether it can be achieved depends on the changes in market condition, the efforts of management team and other

factors, there are a lot of uncertainties, investors should pay special attention to it.

#### (v) Possible risks and countermeasures

In the face of home appliances market competition is more intense and other objective factors, the survival environment of an enterprise will be even worse. In 2021, the Company will face risks as weak macroeconomic growth, severe industry situation, intensified competition, rising costs, trade friction, new business models and impact of the internet era.

#### 1. Macroeconomic downside

The COVID-19 epidemic has caused a dramatic decline in the global economy, which will take a long time to recover, and has restrained consumer demand for home appliances.

#### 2. Soaring costs

From the second quarter of 2020, the global raw materials prices of bulk commodities have generally risen, and the prices of chemicals and energy closely related to the refrigerator industry have increased more prominently. Under the background of the impact of the epidemic and the decline in corporate operating efficiency, the prices of black and white materials have doubled, the prices of steel plates, plastics, copper, aluminum, etc. have risen across the board, causing production costs to continue to rise, and bringing unprecedented pressure on profitability.

#### 3. Impact of cross-border Internet industry and challenges of new business model

With the arrival of Internet era and artificial intelligence era, the Internet enterprises continue to cross boarder and swarm into intelligent home fields, which intensifies competition in the industry, subversive changes may occur at any time, and traditional household appliance enterprises are facing serious challenges.

#### 4. Trade friction

The company pays close attention to the impact of Sino US trade frictions on its global business.

In response to the above risks, combined with the industry situation in 2021 and the shortcomings in 2020, the company will adhere to the business policy of “market-driven, product leadership, efficiency breakthroughs, and team activation” in 2021, strengthen benchmarking, make rapid improvements, and make overall arrangement in product, technology, and market in advance, transform the company's products to high-end and intelligent development, while enriching the product line to create a comprehensive home appliance enterprise.

### X. Reception of research, communication and interview

#### (i) In the report period, reception of research, communication and interview

Applicable  Not applicable

Time	Location	Way	Receptio	Type	Main contents of the discussion and the	Basic situation index of investigation
------	----------	-----	----------	------	---	--

			n object		information provided	
2020-9-24	#2 reference room of the administrative center of the Company	Field research	Institute	Guolian Securities	Operation condition of the Company	<a href="http://irm.cninfo.com.cn/ircs/company/companyDetail?stockcode=000521&amp;orgId=gssz0000521">http://irm.cninfo.com.cn/ircs/company/companyDetail?stockcode=000521&amp;orgId=gssz0000521</a>

Reception (times)	1
Number of hospitality	1
Number of individual reception	0
Number of other reception	N/A
Whether to disclose, release or divulge material information that is not publicly available (Y/N)	N

## Section V. Important Events

### I. Profit distribution plan of common stock and capitalizing of common reserves plan

#### (i) Formulation, Implementation and Adjustment of common stock Profit Distribution Policy Especially

##### Cash Dividend policy during the Reporting Period

Applicable  Not applicable

During the reporting period, the company has strictly executed the profit distribution policy in accordance with the "Articles of Association", the formulation and implementation of the company's cash dividend policy are in line with the provisions of "Articles of Association" and the requirements of the resolutions of shareholders' meeting, the dividends standards and proportion have been definite and clear, relevant decision-making procedures and mechanisms have been complete, the responsibilities of independent directors have been clear and have played its due role, minority shareholders have had the opportunities to fully express their views and aspirations, and the legitimate interests of minority shareholders have been maintained. In addition, the "2018-2020 Shareholder Return Plan" approved by the company's board of directors and the resolutions of shareholders' general meeting has made clear plans for the form and priority of profit distribution, the interval of profit distribution, the specific conditions and proportions of cash dividends, and the specific conditions for issuing stock dividend.

In the reporting period, the Company implemented Profit distribution plan for year of 2019, that is, distribute 0.5 Yuan (tax included) in cash for every 10 shares held by all shareholders of the Company based on total share capital 1,044,597,881 shares dated 31 December 2019 (including 881,733,881 shares of A-share and 162,864,000 shares of B-share), cash dividend of 52,229,894.05 Yuan was distributed in total.

Special explanation on cash dividend policy	
Satisfy regulations of General Meeting or requirement of Article of Association (Y/N):	Y
Well-defined and clearly dividend standards and proportion (Y/N):	Y
Completed relevant decision-making process and mechanism (Y/N):	Y
Independent directors perform duties completely and play a proper role (Y/N):	Y
Minority shareholders have opportunity to express opinions and demands totally and their legal rights are fully protected (Y/N):	Y
Condition and procedures are compliance and transparent while the cash bonus policy adjusted or changed (Y/N):	y

#### (ii) Profit distribution plan (pre-plan) of common stock and capitalizing of common reserves plan (pre-plan) in latest three years (including the reporting period)

1. Profit distribution plan for year of 2018

Distribute 0.6 Yuan (tax included) in cash for every 10 shares held by all shareholders of the Company based on total share capital 1,044,597,881 shares dated 31 December 2018, cash dividend of 62,675,872.86 Yuan was distributed in total.

2. Profit distribution plan for year of 2019

Distribute 0.5 Yuan (tax included) in cash for every 10 shares held by all shareholders of the Company based on total share capital 1,044,597,881 shares dated 31 December 2019, cash dividend of 52,229,894.05 Yuan was distributed in total.

3. Profit distribution plan for year of 2020

Taking the total share capital on the equity registration date of the company's future implementation of the 2020 annual equity distribution plan minus the repurchased shares as the base, distribute cash dividends of 0.5 yuan (tax included) for every 10 shares to all shareholders, not giving bonus shares, and not converting capital reserve in to equity. As of the disclosure date of this report, the actual shares that can participate in the profit distribution are 1,036,208,993 shares (the company's total share capital of 1,044,597,881 shares deducting the repurchased shares of 8,388,888 shares), and it is expected to distribute cash dividends of 51,810,449.65 yuan.

In view of the fact that the Company is implementing the share repurchase, the company will use the total share capital on the equity registration date when the profit distribution plan is implemented in the future to deduct the total share capital after the company repurchased the shares in the special securities account as the base, and make adjustments for the total distribution amount based on the principle of unchanged distribution ratio. The specific amount is subject to the actual distribution.

The pre-plan had been deliberated and approved by the board of directors, and it need to be submitted the annual shareholders' general meeting of 2020 for its consideration.

**(iii) Cash dividend of common stock in latest three years (including the reporting period)**

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to common stock shareholders of listed company in consolidation statement for bonus year	Ratio of the cash bonus in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Proportion for cash bonus by other ways(i.e. share buy-backs)	Ratio of the cash bonus by other ways in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Total cash bonus (including other ways)	Ratio of the total cash bonus (other ways included) in net profit attributable to common stock shareholders of listed company contained in consolidation statement
2020	51,810,449.65	-85,565,716.91	-60.55%	9,929,336.18	-11.60%	61,739,785.83	-72.15%

2019	52,229,894.05	56,441,479.14	92.54%	-	-	52,229,894.05	92.54%
2018	62,675,872.86	38,658,256.97	162.13%	-	-	62,675,872.86	162.13%

**(iv) The Company gains profits in reporting period and the retained profit of common stock shareholders provided by parent company is positive but no plan of cash dividend proposed of common stock**

Applicable  Not applicable

**II. Profit distribution plan and capitalizing of common reserves plan for the Period**

Applicable  Not applicable

Bonus shares for every 10-share (Share)	0
Dividends for every 10-share (RMB) (Tax included)	0.5
Shares added for every 10-share base (Share)	0
Equity base of distribution plan (Share)	1,036,208,993
Total cash dividend (RMB) (Tax included)	51,810,449.65
Cash dividend for other ways (i.e. repurchased) (RMB)	9,929,336.18
Total cash dividend (including other way) (RMB)	61,739,785.83
Profits available for distribution (RMB)	740,754,202.23
Ratio of cash dividend (including other way) in total profit distribution	100%
Cash dividend	
<p>Taking the total share capital on the equity registration date of the company's future implementation of the 2020 annual equity distribution plan minus the repurchased shares as the base, distribute cash dividends of 0.5 yuan (tax included) for every 10 shares to all shareholders, not giving bonus shares, and not converting capital reserve in to equity. As of the disclosure date of this report, the actual shares that can participate in the profit distribution are 1,036,208,993 shares (the company's total share capital of 1,044,597,881 shares deducting the repurchased shares of 8,388,888 shares), and it is expected to distribute cash dividends of 51,810,449.65 yuan.</p> <p>In view of the fact that the Company is implementing the share repurchase, the company will use the total share capital on the equity registration date when the profit distribution plan is implemented in the future to deduct the total share capital after the company repurchased the shares in the special securities account as the base, and make adjustments for the total distribution amount based on the principle of unchanged distribution ratio. The specific amount is subject to the actual distribution.</p>	
Detail explanation on profit distribution or capitalization from capital public reserve	

For year of 2020, the individual statement of the parent company show net profit of 55,779,302.33 Yuan, according to the auditing from Shine Wing Certified Public Accountants (LLP). In accordance with relevant regulations, the retained profit at beginning of Current Year amounted as 945,907,861.41 Yuan, deducted the 2019 profit distributed 52,229,894.05 Yuan and after extract for statutory surplus reserve 5,577,930.23 Yuan, the retained profit in individual statement of the parent company cumulative counted as 943,879,339.46 Yuan at end of 2019. In addition, for year of 2020, the net profit attributable to owners of parent company amounted as -85,565,716.91 Yuan, caliber of the consolidated statement undistributed profit at the beginning of the year is 884,127,743.42 yuan, deducted the 2019 profit distributed 52,229,894.05 Yuan and after extract for statutory surplus reserve 5,577,930.23 Yuan, accumulated retained profit according to the consolidated statement at the end of 2020 counted as 740,754,202.23 Yuan.

According to relevant regulations, the company's profit distribution shall be based on the profit available for distribution of the parent company, and shall comply with the principle of the lower of the profit available for distribution in the consolidated statement and the parent company's statement. Therefore, the profit available for distribution in 2020 is the cumulative undistributed profit of 740,754,202.23 yuan in the consolidated statement at the end of 2020.

Pursuit to relevant rules and regulation of Article of Association, and considering the interest of shareholders and long-term development needs of the Company, proposed recommendations:

Taking the total share capital on the equity registration date of the company's future implementation of the 2020 annual equity distribution plan minus the repurchased shares as the base, distribute cash dividends of 0.5 yuan (tax included) for every 10 shares to all shareholders, not giving bonus shares, and not converting capital reserve in to equity. As of the disclosure date of this report, the actual shares that can participate in the profit distribution are 1,036,208,993 shares (the company's total share capital of 1,044,597,881 shares deducting the repurchased shares of 8,388,888 shares), and it is expected to distribute cash dividends of 51,810,449.65 yuan.

In view of the fact that the Company is implementing the share repurchase, the company will use the total share capital on the equity registration date when the profit distribution plan is implemented in the future to deduct the total share capital after the company repurchased the shares in the special securities account as the base, and make adjustments for the total distribution amount based on the principle of unchanged distribution ratio. The specific amount is subject to the actual distribution.

After distribution, the retained profit of the parent company amounted as 892,068,889.81 Yuan, rests of the retained profit will carry-over for distribute in later years.

### III. Implementation of commitment

#### (1) Commitments that the actual controller, shareholders, related party, the buyer and the company have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

Applicable  Not applicable

Commitment	Commitment party	Type/content	Date	Term	Implementation
Commitments made in acquisition report or equity change report	Sichuan Changhong Electric Co., Ltd.(hereinafter, the “Sichuan Changhong”)	About committed and promised in order to prevent horizontal competition in the “Sichuan Acquisition Report of Hefei Meiling Co., Ltd.	June 12, 2007	Valid for long term	Strictly implemented
					Strictly implemented
					Strictly implemented
Commitment made during the non-public offer of 2010	Sichuan Changhong	Commitment regarding to reducing and preventing competition with Meiling Electric	June 24, 2010	Valid for long term	Strictly implemented
					Strictly implemented
					Strictly implemented



		<p>Commitment regarding to reducing and standardizing related transaction with Meiling Electric</p> <p>1. Measures will be adopted to prevent continued related transaction with Meiling Electric: as to the related transaction that can not be prevented, it will sign related transaction agreement with Meiling Electric under the market principles of “equally paid and mutual benefit”, and fairly determined the transaction price according to the market prevailing standards.</p> <p>2. Perform the necessary obligations to make related directors and related shareholder abstain from voting according to relevant regulation, and observe legal procedure for approving related transaction and information disclosure obligations.</p> <p>3. Promise not to hurt legal interests of Meiling Electric and other shareholders through related transaction.</p>	June 24, 2010	Valid for long term	Strictly implemented
		<p>Commit to authorized Changhong Air-conditioner and Zhongshan Changhong use “Changhong” trademark and relevant patents for free.</p>	November 6, 2010	Valid for long term	Strictly implemented
	The Company	<p>1. Commit to disclose periodic reports on a truthful, accurate, complete, fair and prompt manner, to disclose all the information that have important influences over investors, to accept supervision under the CSRC and Shenzhen Stock Exchange.</p> <p>2. Commit to make public clarification in respect of such information that is released from any public media and may result in misleading influences on stock price once the Company is aware of such information.</p> <p>3. The directors, supervisors, senior management and core technicians of the Company will accept opinions and criticism from the social public, and they will not trade the Company’s securities, directly or indirectly, with any inside information and other illegal methods. The Company promises that the documents submitted to Shenzhen Stock Exchange exist no false statement or material omission, and no relevant information will be disclosed during the application for listing without prior content from Shenzhen Stock Exchange.</p>	January 7, 2011	Valid for long term	Strictly implemented

Commitment made in transfer of air conditioning assets property	Sichuan Changhong	1. Since the property transfer didn't involve the buildings and land currently used by Changhong Air-conditioner, Sichuan Changhong commits, upon the completion of equity transfer, to continue to lease such assets to Changhong Air-conditioner at market price.	December 10, 2009	Valid for long term	Strictly implemented
		2. After completion of this property transfer, Sichuan Changhong commits to manage to prevent new related transaction with Meiling Electric. For those which can not be prevented, Sichuan Changhong commits to determine the transaction price based on market accepted methods, so as to ensure fairness of related transaction and protection of the interest of Meiling Electric		Valid for long term	Strictly implemented
		3. Sichuan Changhong commits that it will not engage in air conditioning and refrigerator business or activity which competes or will compete with business of Meiling Electric, or that which has interest conflict with Meiling Electric			
Commitments by Annual performance incentive fund, incentive objects while purchasing stock of the Company with performance incentive funds and owned fund	Some of the Directors, supervisors and senior executives of the Company as well as other incentive objects	1. Make promise not to reduce the shares of Meiling bought in every year during implementation of the performance incentive fund via any market ways in the later first year, which was allowed to be reduced by 50% according to the laws and regulations in the second year, and the remaining 50% was allowed to be reduced in the third year in accordance with the laws and regulations.	June 20, 2017	Three years after current shares purchased	Fulfilled
		2. The directors, supervisors and senior management promised to manage in accordance with the relevant management approaches in accordance with the "Company Law", "Securities Law" and "The Company's shares held by the directors, supervisors and senior management of the listed company and its change management rules", as objects of annual performance incentive fund of Meiling, including but not limited to: during his tenure, the shares transferred each year shall not exceed 25% of the total number of shares held of the Company; shall not sell the shares of the Company within six months after bought it or purchase again six months after sold it; shall not transfer the shares held within six months after Dismission.	August 15, 2013, July 3, 2014, July 21, 2015, June 20, 2017	From the date when annual incentive fund plan deliberated and approved by general meeting to 6 months after director, supervisor and senior executives resigned	Strictly implemented
Commitments of not to reducing the	Sichuan Changhong Electric Co.,	1. Based on market conditions and as allowed by laws and rules, multiple measures were adopted adequately to increase shareholding of Meiling Electric, so as to demonstrate its firm confidence on the PRC economy and Meiling Electric with its actual actions, maintain sound development of	July 9, 2015	Valid for long term	Strictly implemented

shares	Ltd.and persons acting in concert CHANGHONG (HK) TRADING LIMITED	capital market and promote recovery of healthy market				
		2. Continued to support operation and development of listed company as always and promoted the achievement of Meiling Electric. It is committed to bringing steady and real return to investors.				
Commitment made during the non-public offer in 2016	Directors and senior executives of the Company	Commitment on compensation of immediate dilution of return arising from non-public issuance of shares	<p>1. I hereby undertake not to deliver interests to other entities or individuals without consideration or at unfair conditions, nor to prejudice the Company's interests by other means.</p> <p>2. I hereby undertake to restrain my role related consumption behaviors.</p> <p>3. I hereby undertake not to conduct any investment and consumption which is not related to performance of duties with utilization of any company assets.</p> <p>4. I hereby undertake that the remuneration system determined by the board of directors or the remuneration and examination committee be linked to implementation of the compensation of return measures.</p> <p>5. In case that the Company adopts share based incentive plan in future, I hereby undertake that the exercise conditions of the incentive plan to be announced by the Company be linked to implementation of the compensation of return measures.</p> <p>6. For the period from the date of this commitment to the date of completion of this non-public issuance of shares, if the CSRC makes other new regulatory requirements on compensation of return measures and the commitment thereof, and in case that the above commitments cannot satisfy these new requirements from the CSRC, I hereby undertake to issue supplementary commitment in compliance with the latest CSRC requirements.</p> <p>As one of the principals responsible for compensation of return measures, I, in case of break of the above commitments or refuse to perform the above</p>	February 23, 2016	Till the completion of projects invested with the proceeds from this non-public issuance of shares	Implementing

			commitments, agree to receive relevant punishment or to adopt relevant administration measures according to the systems, rules and regulations of the CSRC and Shenzhen Stock Exchange.			
	The Company	1. Promise to truly, accurately, completely, fairly and timely publish periodic reports, disclose all information that has significant impacts on the investors, and accept the supervision and management of China Securities Regulatory Commission and the Shenzhen Stock Exchange.	October 12, 2016	Valid for long term	Strictly implemented	
		2. Make commitments that the Company will publicly clarify in time after knowing any information on any public communications media that may cause misleading influence on the stock price				
		3. The Company's directors, supervisors and senior executives will listen carefully to the opinions and criticisms of the public and never use any acquired inside information and other improper means to directly or indirectly engage in the trading activities of the Company's stock.				
Perform the commitment promptly or not	√ Yes □ No					
If the commitment is overdue and has not been fulfilled, the specific reasons for incomplete performance and the work plan for next step shall be explained in detail	Not applicable					

Note: for the commitments completed and exemption for implementing in above mentioned table, the Company will not disclose in next ordinary report

**(ii) Concerning assets or project of the Company, which has profit forecast, and reporting period still in forecasting period, explain reasons of reaching the original profit forecast**

Applicable Not applicable

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

Applicable Not applicable

No non-operational fund occupation from controlling shareholders and its related party in period.

Disclosure date for specific approval opinion on fund occupation from CPA: 31 March 2021

Disclosure index for specific approval opinion on fund occupation from CPA: Juchao website: www.cninfo.com.cn-- Specific Explanation on Non-operational fund occupation and its related capital transactions for year of 2020 of Changhong Meiling Co., Ltd.

**V. Explanation from Board of Directors, Supervisory Committee and Independent Directors (if applicable) for “Qualified Opinion” that issued by CPA**

Applicable Not applicable

**VI. Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year**

Applicable Not applicable

Found more details in 36. Change of major accounting policy and estimation under IV. Major accounting policy and estimation carried in the Section XII. Financial Report

**VII. Major accounting errors within reporting period that needs retrospective restatement**

Applicable Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

**VIII. Compare with last year’s financial report; explain changes in consolidation statement’s scope**

Applicable Not applicable

In the reporting period, the consolidated financial statements of the Company cover 31 subsidiaries, including Sichuan Changhong Air-conditioner Co., Ltd, Zhongshan Changhong Electric Co., Ltd. And Zhongke Meiling Cryogenic Technology Co., Ltd. etc. Compared with the previous year, during the reporting period two enterprises are included in the consolidate scope, that is CH-Meiling International (Philippines) Inc. and Hefei Changhong Meiling Life Electric Co., Ltd. And the subsidiary Guangxi Huidian Household Appliances Co., Ltd. and Changmei Technology Co., Ltd. are reduced for clearing off. In addition, the subsidiaries Chengdu Meiling Electrical Marketing Co., Ltd., Fuzhou Meiling Electrical Marketing Co., Ltd., Nanjing Meiling Electrical Marketing Co., Ltd., Hangzhou Meiling Electrical Marketing Co., Ltd., Shanghai Meiling Electrical Marketing

Co., Ltd., and Beijing Meiling Electrical Marketing Co., Ltd. were decreased due to the merger.

More details can be seen in the report “VII. Changes in the scope of the merger” and “XIII. Equity in other entities” of “Section XII Financial Report”

## IX. Appointment and non-reappointment (dismissal) of CPA

### (i) Accounting firm appointed

Name of domestic accounting firm	Shine Wing Certified Public Accountants (LLP)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	131
Continuous life of auditing service for domestic accounting firm	12-year
Name of domestic CPA	Li Xifu, Wang Xiaodong
Continuous life of auditing service for domestic CPA	Li Xifu (4 years), Wang Xiaodong (1 year)
Name of foreign accounting firm (if applicable)	N/A
Remuneration for foreign accounting firm (10 thousand Yuan) (if applicable)	N/A
Continuous life of auditing service for foreign accounting firm (if applicable)	N/A
Name of foreign CPA (if applicable)	N/A
Continuous life of auditing service for foreign CPA (if applicable)	-

### (ii) Re-appointed accounting firms in this period

Yes  No

### (iii) Appointment of internal control auditing accounting firm, financial consultant or sponsor

Applicable  Not applicable

In reporting period, Shine Wing Certified Public Accountants (LLP) was appointed as audit institute of internal control for the Company, auditing charge for internal control amounting as 250,000 Yuan.

## X. Particular about suspension and termination of listing after annual report disclosed

Applicable  Not applicable

## XI. Bankruptcy reorganization

Applicable  Not applicable

## XII. Material lawsuits and arbitration of the Company

Applicable  Not applicable

(i) No significant lawsuits or arbitration occurred in the reporting period.

(ii) Some other significant lawsuits and arbitration in the reporting period.

To maintain the independence and integrity of "Meiling" trademark and trade name, the Company carried out serials of lawsuits, attribution and administration suits with "Meiling" trademark and corporate name concerned, please found more in 2014 first quarter report, 2014 semi-annual report, the 2014 annual report disclosed respectively on April 19, 2014, August 12, 2014, and March 26, 2014 for the relevant progress. Up to now, in view of the infringement to the Company's "Meiling" trademark and trade name, false propaganda and unfair competition in the market, the Company has carried out many ways including administrative reports, criminal investigation and civil litigation to fight against infringement and counterfeiting behavior in the whole country in order to stopped the infringing behavior.

### **XIII. Penalty and rectification**

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

### **XIV. Integrity of the company and its controlling shareholders and actual controllers**

Applicable Not applicable

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

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

Applicable Not applicable

#### **Implementation for performance incentive fund in 2012 to 2016**

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 "" incentive """) on the 16<sup>th</sup> meeting of the 7<sup>th</sup> 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 "XII 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 Semi-Annual Report" disclosed on 15 August 2020.

All the stocks purchased by the incentive object are locked according to their promises. Up to the end of this reporting period, the company's stock purchased by 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 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 three years, the stock all 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 December 2020, the total shares hold by all incentive objects due to the implementation of performance incentive plan is 7,325,892 shares, a 0.7013% in total share capital of the Company, including 5,635,999 A-share, a 0.5395% 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 have reduced holding of 9,187,923 in aggregate, accounting for about 0.8796% of the total share capital and 3,874,325 shares are reduced in total during the reporting period.

Up to now, the company's 2012-2016 annual performance incentive fund plan has been implemented and the incentive objects have strictly complied with the relevant commitments. The company will no longer disclose this matter in the next periodic report.

## **XVI. Major related party transaction**

### **(i) Related party transaction with routine operation concerned**

Applicable  Not applicable

#### **1. Related party transaction with routine operation concerned**



Serial	Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principle	Related transaction price (in 10 thousand Yuan)	Related transaction amount (in 10 thousand Yuan)	Proportion in similar transactions (%)	Trading limit approved (in 10 thousand Yuan)	Whether over the approved limited or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure
1	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Commodity purchased	Plastic particles, high gloss, epidemic prevention materials, R-three-terminal voltage regulator, integrated circuits, R-insulated gate bipolar transistors, steel plates, plastic parts, Youku membership cards, etc.	Marketing price	34,964.57	34,964.57	2.82%	60,000.00	N	Spot exchange, Bank acceptance	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
2	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Commodity purchased	Heatstroke prevention and cooling medicine	Marketing price	1.78	1.78	0.00%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
3	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the	Commodity purchased	Compressor, Door seal	Marketing price	46,880.45	46,880.45	3.79%	72,000.00	N	Bank acceptance	--	November 30, 2019, December 18, 2019 and	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.:

		same controlling shareholder and ultimate controller											August 15, 2020	2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
4	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Plastic products, refrigerator accessories, etc.	Marketing price	59,503.77	59,503.77	4.81%	140,000.00	N	Spot exchange, Bank acceptance	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
5	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Base plate components, ventilation hoods, compressor components, brackets, pressure plates, sheet metal parts	Marketing price	23,064.49	23,064.49	1.86%	60,000.00	N	Spot exchange, Bank acceptance	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
6	Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control under the same	Commodity purchased	Packing boxes, fixed support blocks, cartons, foams, maintenance parts, labels, wall-hung boilers, etc.	Marketing price	6,016.51	6,016.51	0.49%	22,000.00	N	Bank acceptance	--	November 30, 2019, December 18, 2019 and August 15,	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.:

		controlling shareholder and ultimate controller											2020	2019-087, No.: 2020-056 and No.: 2020-062
7	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	PCB components, etc.	Marketing price	1,003.39	1,003.39	0.08%	10,000.00	N	Bank acceptance	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
8	081 Electronic Group Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Power Transformers	Marketing price	22.70	22.70	0.00%	8,000.00	N	Bank acceptance	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
9	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling	Commodity purchased	Epidemic prevention materials, foam, carton	Marketing price	293.63	293.63	0.02%	8,000.00	N	Spot exchange, Bank acceptance	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.:

		shareholder and ultimate controller												2020-056 and No.: 2020-062
10	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Circuit board, mold	Marketing price	13.32	13.32	0.00%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
11	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Control board, power cord, frequency conversion integrated board	Marketing price	632.25	632.25	0.05%	8,000.00	N	Bank acceptance	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
12	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder	Commodity purchased	Battery	Marketing price	3.97	3.97	0.00%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and

		and ultimate controller												No.: 2020-062
13	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	LCD TV, air conditioner, egg cooker	Marketing price	371.14	371.14	0.03%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
14	Changhong International Holdings (Hong Kong) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air conditioning	Marketing price	2,655.02	2,655.02	0.21%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
15	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate	Commodity purchased	Voice components, electrical components	Marketing price	1,588.38	1,588.38	0.13%	6,000.00	N	Bank acceptance	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and

		controller												No.: 2020-062
16	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Exit ticket	Marketing price	0.03	0.03	0.00%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
17	Sichuan Ailian Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	WiFi module, hole cover, sealing strip, sponge, temperature and humidity sensor, etc.	Marketing price	1,796.54	1,796.54	0.15%	8,000.00	N	Spot exchange, Bank acceptance	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
18	Sichuan Aichuang Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate	Commodity purchased	Frequency conversion integrated board, control board, display board, R-wifi module, electric heater, humidifier, electric control board	Marketing price	12,606.33	12,606.33	1.02%	18,000.00	N	Spot exchange, Bank acceptance	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and

		controller												No.: 2020-062
19	Hunan Grand-Pro Intelligent Tech. Company	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Smart vacuum cleaner	Marketing price	880.73	880.73	0.07%	2,500.00	N	Bank acceptance	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
20	Lejiayi Chain Management Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Moon cake gift box	Marketing price	0.33	0.33	0.00%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
21	Guangyuan Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate	Commodity purchased	Drinking fountain	Marketing price	0.88	0.88	0.00%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and

		controller												No.: 2020-062
22	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Printed board	Marketing price	0.19	0.19	0.00%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
23	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Accept labor	Shuttle transportation fee	Marketing price	142.86	142.86	0.11%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
24	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Accept labor	Software usage fee, inspection and certification fee, technical service fee, consulting service fee, equipment instrumentation fee, etc.	Marketing price	1,306.45	1,306.45	1.00%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062



25	Sichuan Changhong Minsheng Logistics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Transportation, storage, loading and unloading	Marketing price	41,499.17	41,499.17	33.58%	60,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
26	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Repair costs, packaging costs, mold changes, labor costs	Marketing price	44.80	44.80	0.03%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
27	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Three guarantees fee, service support fee, air conditioning installation fee, after-sales service fee	Marketing price	27,575.35	27,575.35	21.03%	35,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

28	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Software usage fee, hollow USO system online fee, brand barcode system fee, SAP module activation fee, etc.	Marketing price	112.08	112.08	0.09%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
29	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Service support fee, conference room usage fee, information consultation fee, etc.	Marketing price	49.15	49.15	0.04%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
30	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Greening expenses, meal expenses, business activity expenses, training fee	Marketing price	53.35	53.35	0.04%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

31	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Conference fee, accommodation fee, business activity fee	Marketing price	5.14	5.14	0.00%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
32	Sichuan Changhong International Travel Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Air tickets, travel service fees, travel expenses	Marketing price	24.54	24.54	0.02%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
33	Sichuan Changhong Property Services Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Dormitory facility equipment service fee, property management fee	Marketing price	304.44	304.44	0.23%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

34	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Testing and testing fees, project development fees, inspection and certification fees	Marketing price	435.97	435.97	0.33%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
35	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Operating expenses, advertising expenses, market support expenses	Marketing price	18.56	18.56	0.01%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
36	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Handling fee	Marketing price	3.29	3.29	0.00%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

37	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Equipment repair costs, mold changes, technical cooperation	Marketing price	1.64	1.64	0.00%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
38	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Equipment repair costs	Marketing price	100.21	100.21	0.08%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
39	Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Hazardous waste disposal fee	Marketing price	8.67	8.67	0.01%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

40	Sichuan Aichuang Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Project cooperation costs	Marketing price	1.60	1.60	0.00%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
41	Sichuan Hongmofan Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Market support fee	Marketing price	0.21	0.21	0.00%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
42	Guangyuan Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor	Labor dispatch service fee	Marketing price	64.03	64.03	0.05%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

43	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Buy fuel power	Water, electricity, gas, etc.	Marketing price	1,845.73	1,845.73	0.15%	60,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
44	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Buy fuel power	Steam	Marketing price	51.12	51.12	0.00%	150.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
45	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Buy fuel power	Water, electricity, etc.	Marketing price	112.28	112.28	0.01%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

46	Hefei Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Buy fuel power	Electricity	Marketing price	36.68	36.68	0.00%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
47	Sichuan Changhong Property Services Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Buy fuel power	Electricity	Marketing price	2.08	2.08	0.00%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
48	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Sales of goods	Isocyanate, air conditioning, waste materials, epidemic prevention materials, refrigerators, small appliances, etc.	Marketing price	1,036.21	1,036.21	0.07%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062



49	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Color plates, lower beams, bottom plates, brackets, processed materials, water purifiers	Marketing price	5,460.30	5,460.30	0.39%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
50	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator accessories, sponge plastic	Marketing price	23,483.31	23,483.31	1.66%	35,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
51	Lejiayi Chain Management Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerators, Air conditioning, washing machines, freezers, small appliances, etc.	Marketing price	549.82	549.82	0.04%	19,200.00	N	Spot exchange, Bank acceptance	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

52	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerators, Air conditioning, washing machines, freezers, small appliances, etc.	Marketing price	436,631.26	436,631.26	30.85%	852,000.00	N	Spot exchange, Bank acceptance	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
53	Sichuan Changhong Minsheng Logistics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerators, Air conditioning, washing machines, freezers, small appliances, etc.	Marketing price	2.77	2.77	0.00%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
54	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Dimensional accessories, Air conditioning	Marketing price	403.10	403.10	0.03%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

55	Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Waste materials	Marketing price	572.25	572.25	0.04%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
56	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Compressor, Air conditioning	Marketing price	0.43	0.43	0.00%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
57	Sichuan Huafeng Enterprise Group Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioning	Marketing price	4.77	4.77	0.00%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

58	Sichuan Changhong Real Estate Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Hood, stove	Marketing price	1.31	1.31	0.00%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
59	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Washing machine, Air conditioning, small appliances, etc.	Marketing price	158.46	158.46	0.01%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
60	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Boiling water machine	Marketing price	1.64	1.64	0.00%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

61	Sichuan Changhong Power Source Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioning	Marketing price	1.81	1.81	0.00%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
62	Sichuan Changhong Education Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Eye protection lamp, Air conditioning	Marketing price	-86.91	-86.91	-0.01%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
63	Guangyuan Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioning	Marketing price	0.35	0.35	0.00%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

64	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioning	Marketing price	31.18	31.18	0.00%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
65	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioning	Marketing price	70.00	70.00	0.00%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
66	PT.CHANG HONGLE CTRICINDONESIA	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator	Marketing price	70.35	70.35	0.00%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

67	CHANGHONG(HK)TRADINGLIMITED	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioning	Marketing price	48,410.22	48,410.22	3.42%	150,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
68	CHANGHONG ELECTRIC (AUSTRALIA)PTY.LTD.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator	Marketing price	14,983.14	14,983.14	1.06%	150,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
69	Orion.PDP. Co.,Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator	Marketing price	2,634.90	2,634.90	0.19%	4,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

70	Changhong Europe Electric s.r.o	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator	Marketing price	5,483.90	5,483.90	0.39%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
71	CHANGHONG ELECTRIC MIDDLE EAST FZCO	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator	Marketing price	1,158.97	1,158.97	0.08%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
72	Changhong International Holdings (Hong Kong) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator, Air conditioning, small appliances	Marketing price	13,452.31	13,452.31	0.95%	35,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062



73	Sichuan Aichuang Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Raw materials, photocouplers, refrigerators	Marketing price	724.53	724.53	0.05%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
74	Mianyang Huafeng Interconnect Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioning	Marketing price	20.92	20.92	0.00%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
75	Sichuan Hongmofang Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Small appliances	Marketing price	1.73	1.73	0.00%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

76	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor fee	Marketing price	8.01	8.01	0.24%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
77	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor fee	Marketing price	13.57	13.57	0.40%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
78	Sichuan Aichuang Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Technical service fee	Marketing price	88.76	88.76	2.64%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

79	Sichuan Huafeng Enterprise Group Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Installation fee	Marketing price	31.66	31.66	0.94%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
80	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Conference fees	Marketing price	0.94	0.94	0.03%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
81	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor fee	Marketing price	49.45	49.45	1.47%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

82	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Providing services	Labor fee	Marketing price	265.66	265.66	7.89%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
83	Sichuan Changhong Device Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor fee, technical service fee	Marketing price	10.56	10.56	0.31%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
84	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor fee	Marketing price	11.39	11.39	0.34%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

85	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor fee	Marketing price	99.14	99.14	2.94%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
86	Mianyang Huafeng Interconnect Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Installation fee	Marketing price	19.94	19.94	0.59%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
87	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Technical service fee	Marketing price	56.60	56.60	1.68%	72,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

88	Sichuan Changhong Minsheng Logistics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Forklift Service	Marketing price	0.71	0.71	0.02%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
89	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Consulting service fee	Marketing price	5.04	5.04	0.15%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
90	Sichuan Changhong Intelligent Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor fee	Marketing price	54.72	54.72	1.62%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

91	Sichuan Changhong Education Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor fee	Marketing price	2.17	2.17	0.06%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
92	Sichuan Changhong Real Estate Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Installation fee	Marketing price	-3.92	-3.92	-0.12%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
93	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Technical service fee, Maintenance fees	Marketing price	3.61	3.61	0.11%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

94	Sichuan Changhong Electronic Parts Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Service fee	Marketing price	35.40	35.40	1.05%	5,600.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
95	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel power	Water and electricity bills	Marketing price	3.84	3.84	0.00%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
96	Sichuan Changhong Minsheng Logistics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel power	Water and electricity bills	Marketing price	8.67	8.67	0.00%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062



97	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel power	Water, electricity and gas costs	Marketing price	15.87	15.87	0.00%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
98	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel power	Water, electricity and gas costs	Marketing price	726.86	726.86	0.05%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
99	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel power	Water and electricity bills	Marketing price	4.57	4.57	0.00%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

100	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel power	Energy cost	Marketing price	0.31	0.31	0.00%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
101	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel power	Water and electricity bills	Marketing price	1.59	1.59	0.00%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
102	Sichuan Changhong Device Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel power	Water and electricity bills	Marketing price	84.47	84.47	0.01%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

103	Mianyang Science & Technology City Big Data Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel power	Water and electricity bills	Marketing price	0.68	0.68	0.00%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
104	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel power	Water and electricity bills	Marketing price	0.65	0.65	0.00%	19,200.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
105	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel power	Water and electricity bills	Marketing price	1.31	1.31	0.00%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

106	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Forklift, warehouse, apartment, plant, equipment	Marketing price	752.79	752.79	5.39%	5,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
107	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Warehouse, factory building, apartment, equipment, second living area	Marketing price	968.57	968.57	6.94%	5,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
108	Sichuan Changhong Minsheng Logistics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Partial lease of office buildings, warehouse offices, factories, apartments	Marketing price	268.07	268.07	1.92%	5,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

109	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Apartments, offices, forklifts	Marketing price	20.95	20.95	0.15%	5,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
110	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Apartment, warehouse	Marketing price	23.06	23.06	0.17%	5,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
111	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Apartment, second living area	Marketing price	11.78	11.78	0.08%	5,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

112	Sichuan Ailian Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Warehouse	Marketing price	0.27	0.27	0.00%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
113	Sichuan Aichuang Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Warehouse, forklift	Marketing price	3.75	3.75	0.03%	6,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
114	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Apartments, factories	Marketing price	7.65	7.65	0.05%	5,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

115	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Apartments	Marketing price	20.94	20.94	0.15%	5,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
116	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Rent to the related party	Apartments, buildings, meeting rooms	Marketing price	287.08	287.08	2.06%	5,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
117	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Second living area	Marketing price	14.91	14.91	0.11%	5,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

118	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Warehouse	Marketing price	0.38	0.38	0.00%	5,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
119	Sichuan Changhong Device Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Factory building, second living area	Marketing price	172.16	172.16	1.23%	5,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
120	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Rent from the related party		Marketing price/Market leasing	38.30	38.30	0.27%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062



121	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Rent from the related party	Factory building, office, staff dormitory	Marketing price	738.20	738.20	5.29%	5,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
122	Chengdu Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent from the related party	Office	Marketing price	62.43	62.43	0.45%	5,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
123	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent from the related party	Staff dormitory, factory building	Marketing price	135.27	135.27	0.97%	5,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

124	Sichuan Changhong Property Services Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent from the related party	Flowers	Marketing price	0.93	0.93	0.01%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
125	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent from the related party	Staff dorm	Marketing price	5.32	5.32	0.04%	150.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
126	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase and construction of fixed assets	Quality improvement and transformation of production lines, equipment, and balers	Marketing price	492.02	492.02	1.37%	7,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

127	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase and construction of fixed assets	Smart production project, secondary development of WMS finished product barcode system	Marketing price	61.32	61.32	0.17%	15,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
128	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Mould	Marketing price	165.46	165.46	0.46%	15,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
129	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Projector, Air conditioning	Marketing price	82.05	82.05	0.23%	15,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

130	Sichuan Huanyu Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase and construction of fixed assets	Plant construction	Marketing price	216.48	216.48	0.60%	8,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
131	Sichuan Changhong Jineng Sunshine Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Street lamp	Marketing price	4.23	4.23	0.01%	15,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
132	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Air conditioning accessories	Marketing price	0.52	0.52	0.00%	15,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062

133	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Sale of fixed assets	Power plant	Marketing price	3.96	3.96	2.36%	15,000.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
134	Yuanxin Financial Lease Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Financial leasing, commercial factoring and bill financing	Financial leasing, commercial factoring and billing	Marketing price	6,466.21	6,466.21	--	6,500.00	N	Spot exchange	--	November 30, 2019, December 18, 2019 and August 15, 2020	Juchao Website (www.cninfo.com.cn) No.: 2019-077, No.: 2019-080, No.: 2019-087, No.: 2020-056 and No.: 2020-062
Total						--	--	<b>833,990.12</b>	--	--	--	--	--	--
Detail of sales return with major amount involved		Not applicable												
Report the actual implementation of the daily related transactions which were projected about their total amount by types during the reporting period (if applicable)		<p>1. It is estimated that the related transaction amount resulted by purchasing goods (including door shell and plastic products etc.) and accepting fuel and power from Sichuan Changhong and its subsidiary by the Company for year of 2020 was RMB 3060 million at most (tax-excluded), actually RMB 1,321,119,400 occurred in reporting period.</p> <p>2. It is estimated that the related transaction amount resulted by purchasing goods (including compressor purchased, smart vacuum cleaner etc.) from Changhong Huayi and its subsidiary by the Company for year of 2020 was RMB 745 million at most (tax-excluded), actually RMB 477,665,000 occurred in reporting period.</p> <p>3. It is estimated that the related transaction amount resulted by purchasing or selling equipment, software, maintenance and spare parts and molds etc. from Sichuan Changhong and its subsidiary by the Company for year of 2020 was RMB 150 million at most (tax-excluded), actually RMB 3,175,400 occurred in reporting period.</p>												

	<p>4. It is estimated that the related transaction amount resulted by selling goods and providing fuel and power to Sichuan Changhong and its subsidiary by the Company for year of 2020 was RMB 11072 million at most (tax-excluded), actually RMB 5,521,372,600 occurred in reporting period.</p>
	<p>5. It is estimated that the related transaction amount resulted by accepting energy, power and service from Huayi Compressor and its subsidiary by the Company for year of 2020 was RMB 1.5 million at most (tax-excluded), actually RMB 511,200 occurred in reporting period.</p>
	<p>6. It is estimated that the related transaction amount resulted by leasing business to Sichuan Changhong and its subsidiary by the Company for year of 2020 was RMB 50 million at most (tax-excluded), actually RMB 34,842,400 occurred in reporting period.</p>
	<p>7. It is estimated that the related transaction amount from domestic finished goods logistic business outsourcing to Sichuan Changhong Minsheng Logistic Co., Ltd. by the Company for year of 2020 was RMB 600 million at most (tax-excluded), actually RMB 414,991,700 occurred in reporting period.</p>
	<p>8. It is estimated that the related transaction amount from after sales service of domestic goods outsourcing to Sichuan Service Exp. Appliance Service Chain Co., Ltd. by the Company for year of 2020 was RMB 350 million at most actually RMB 275,753,500 occurred in reporting period.</p>
	<p>9. It is estimated that the related transaction amount resulted by accepting other service and labor service etc. or providing other service and labor service etc. to Sichuan Changhong and its subsidiary by the Company for year of 2020 was RMB 56 million at most (tax-excluded), actually RMB 26,264,600 occurred in reporting period.</p>
	<p>10. It is estimated that the related transaction amount resulted by selling goods and leasing business from Sichuan Changhong Electronics Group and its subsidiary by the Company for year of 2020 was RMB 102 million at most (tax-excluded), actually RMB 42,403,100 occurred in reporting period.</p>
	<p>11. It is estimated that the related transaction amount resulted by purchasing goods and receiving labor services, fuel power, leasing and purchasing equipment etc. from Sichuan Changhong Electronics Group and its subsidiary by the Company for year of 2020 was RMB 330 million at most (tax-excluded), actually RMB 157,140,200 occurred in reporting period.</p>
	<p>12. It is estimated that the related transaction amount resulted by receiving finance lease, commercial factoring and financial reconciliation business etc. from Yuanxin Financial Lease Co., Ltd. was RMB 65 million at most, actually RMB 64,662,100 occurred in reporting period.</p>
Reasons for major differences between trading price and market reference price	Not applicable

**2. Related party transactions with Changhong Finance Company**

According to The Proposal on Continuing Related Transactions with Sichuan Changhong Group Finance Co., Ltd. in 2020 approved by the deliberation of the 31<sup>st</sup> meeting of the ninth board of directors and the 16<sup>th</sup> meeting of the ninth board of supervisors and the fourth extraordinary general meeting of shareholders in 2019 held on November 29 and December 17, 2019, and approved by resolution of the 41<sup>st</sup> meeting of the ninth board of directors and the fourth extraordinary general meeting of shareholders held on August 14 and October 12, 2020, 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, Changhong Finance Company shall provide a series of financial services such as deposit and loan in its business scope according to the requirements of the Company and its subsidiaries. The related transactions between the company and its subsidiaries and Changhong Finance Company from the beginning of the year to the end of the reporting period are as follows:

					In RMB
Item	Balance at year-begin	Increased in Current Year	Decreased in Current Year	Balance at year-end	Interest and commission charge received or paid
<b>I. Savings in Changhong Group Finance Company</b>	3,702,382,630.38	40,457,214,165.68	41,361,340,787.54	2,798,256,008.52	110,131,246.67
<b>II. Borrowings from Changhong Group Finance Company</b>					
<b>1.Short-term loans</b>		125,000,000.00	125,000,000.00		60,638.89
<b>2.Long-term loans</b>					
<b>III. Other financial business</b>					
<b>1.Notes drawing</b>	999,585,345.49	2,689,798,690.93	2,173,865,064.17	1,515,518,972.25	1,347,344.67
<b>2.Notes discounted</b>	638,333,179.10	2,296,064,512.81	1,588,150,718.29	1,346,246,973.62	14,477,124.87

According to the regulation of Information Disclosure Business Memorandum No. 2 - Transactions and Related Transactions of the Shenzhen Stock Exchange, the company issued the Risk Continuous Assessment Report About Sichuan Changhong Group Finance Co., Ltd. for the deposit, loan and other financial services that the company carried out with Changhong Finance Company during the reporting period, and disclosed at www.cninfo.com.cn on 31 March 2021

**(ii) Related transactions by assets acquisition and sold**

Applicable Not applicable

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

(iii) Related party transaction of joint foreign investment

√Applicable □ Not applicable

Co-investor	Association relationship	Invested enterprise	Main business of the invested enterprise	Registered capital of the invested enterprise	Total assets of the invested enterprise (10 thousand Yuan)	Net assets of the invested enterprise (10 thousand Yuan)	Net profit of the invested enterprise (10 thousand Yuan)
Sichuan Changhong Electronics Holding Group Co., Ltd., Sichuan Changhong Electric Co., Ltd., Changhong Huayi Compressor Co., Ltd.	Controlling shareholder; other companies controlled by the same controlling shareholder and ultimate controlling party	Sichuan Changhong Finance Co., Ltd.	Handle financial affairs and financing consulting, credit verification and related consulting and agency services for member units; assist member units in the collection and payment of transaction funds; approved insurance agency services; provide guarantees to member units; handle entrusted loans among member units; handle bill acceptance and discount for member units; handle internal transfer and settlement of accounts among member units and the corresponding settlement and clearing plan design; absorb member units' deposits; handle loans and financial leases for member units; engage in inter-bank lending; handle entrusted investment among member units; securities investment other than stock investment; buyer's credit of member units' products; consumer credit of member units' products; spot foreign exchange settlement and sale business; other businesses approved by the China Banking and Insurance Regulatory Commission.	1,887,941,751.02 yuan (before the capital increase of the company and Changhong Huayi), 2,693,938,365.84 yuan (after the capital increase of the company and Changhong Huayi)	1,664,164.67	345,497.88	8,526.50
Progress of major projects under construction of the invested enterprise (if applicable)			N/A				

After deliberated and approved by the 27<sup>th</sup> session of 9<sup>th</sup> BOD and 3<sup>rd</sup> extraordinary shareholders general meeting of 2019 held on 10 September 2019 and 27 September, it is agreed that the company and its related party, Changhong Huayi Compressor Co., Ltd. (hereinafter referred to as "Changhong Huayi"), respectively, will increase the capital to Changhong Finance Company by 500 million yuan with its own funds, the total capital increase will not exceed RMB 1 billion. Among the 500 million yuan of the company's capital increase to Changhong Finance Company, 402,998,300 yuan was included in its registered capital, and 97,001,700 yuan was included in the capital reserve.

After the capital increase, the registered capital of Changhong Finance Company was changed from RMB 1,887,941,751.02 to RMB 2,693,938,365.84. After the change of registered capital and equity, Sichuan Changhong Electronics Holding Group Co., Ltd. and Sichuan Changhong Electric Co., Ltd. hold 943,970,875.51 yuan respectively of Changhong Finance Company and account for 35.04%



of the shares, the company holds 402,998,307.41 yuan of Changhong Finance Company, accounting for 14.96% of the shares, Changhong Huayi holds 402,998,307.41 yuan of Changhong Finance Company, accounting for 14.96% of the shares. During the reporting period, the company has completed the capital increase in Changhong Finance. Found more on announcement (Notice No.: 2019-060, 2019-061, 2019-067, 2020-051 and 2020-054) released on appointed media China Securities Journal, Securities Times, Hong Kong Commercial Daily and Juchao Website dated 10 September 2019, 27 September 2019, 28 July 2020 and 8 August 2020 respectively.

**(iv) Connect of related liability and debt**

Applicable  Not applicable

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

Yes  No

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

**(v) Other related party transactions**

Applicable  Not applicable

1. On August 14, 2020, the resolutions of the 41st meeting of the ninth board of directors and the 22nd meeting of the ninth board of supervisors of the company approved and agreed that the company should increase the daily related transaction amount of no more than 45 million yuan (excluding tax) from finance leasing, commercial factoring, and financial documents and other businesses expected to be provided by Yuanxin Finance Leasing Co., Ltd. (hereinafter referred to as "Yuanxin Leasing") to the company and its holding subsidiaries in 2020. After this increase, it was expected that in 2020, the total daily related transactions between the company and its subsidiaries and Sichuan Changhong and its subsidiaries (excluding Changhong Huayi Compressor Co., Ltd.) would not exceed 15,403 million yuan (excluding tax), in which the total amount of daily related transactions with Yuanxin Leasing in 2020 was expected to not exceed 65 million yuan (excluding tax).

2. On October 27, 2020, the resolution of the third meeting of the company's tenth board of directors approved and agreed that should apply to the Anhui Branch of the Export-Import Bank of China for a maximum credit line of 300 million yuan in accordance with the company's business development and financing and credit work needs, the credit term is two years, and the types of credits include working capital loans, etc., the controlling shareholder Sichuan Changhong provides free guarantees for the aforementioned credits, and the Company does not need to provide counter-guarantees.

3. On December 11, 2020 and December 30, 2020, the resolutions of the 4<sup>th</sup> meeting of the 10<sup>th</sup> board of directors of the company, the 3<sup>rd</sup> meeting of the 10<sup>th</sup> board of supervisors, and the 5<sup>th</sup> extraordinary shareholders' meeting of 2020 passed and approved the estimated daily related transactions amount occurred among the company and its holding subsidiaries with the related parties in 2021 totaling no more than 151888.5 million yuan (excluding tax), and agreed that the company and Sichuan Changhong Group Finance Co., Ltd. should continue to carry out the financial service related transactions such as loans and deposits in 2021.

Related searches for disclosure website of interim report with major related transaction concerned

Interim report	Disclosure date	Website for disclosure
Resolution of the 41 <sup>th</sup> session of 9 <sup>th</sup> BOD (2020-56) Resolution of the 22 <sup>th</sup> session of 9 <sup>th</sup> Supervisory Committee(2020-57)	August 15, 2020	Juchao Website: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

Increase the forecast announcement of daily related party transactions for year of 2020 (2020-062)		
Resolution of the 3 <sup>rd</sup> session of 10 <sup>th</sup> BOD (2020-090) Notice on Controlling Shareholder Provide Guarantee for the Company to Apply for Credit Guarantee from the Financial Institutions and Related Transactions (2020-091)	October 28, 2020	Juchao Website: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Resolution of the 4 <sup>th</sup> session of 10 <sup>th</sup> BOD (2020-097) Resolution of the 3 <sup>rd</sup> session of 10 <sup>th</sup> Supervisory Committee(2020-098) Resolution of 5 <sup>th</sup> extraordinary shareholders general meeting of 2020 (2020-107)	December 12, 2020; December 30, 2020	Juchao Website: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

**XVII. Significant contract and implementations**

**(i) Entrust, contract and leasing**

**1. Entrust**

Applicable  Not applicable

No entrust in Period.

**2. Contract**

Applicable  Not applicable

No contract in Period.

**3. Leasing**

Applicable  Not applicable

No leasing in the period

**(ii) Major guarantee**

Applicable  Not applicable

**1. Guarantee**

The guarantees provided by the company to the wholly-owned and holding subsidiaries are guarantees for supporting bank credits generated by its production and operation. The guaranty style is the guarantee. The company and its subsidiaries did not provide guarantees to subjects outside the scope of consolidated statements. The company and its holding subsidiaries had no overdue external guarantees, no external guarantees involving litigation, and no losses due to the award of the guarantee. Up to 31 December 2020, the external guarantees of the Company and subsidiaries are as follows:

In 10 thousand Yuan

Particulars about the external guarantee of the Company and subsidiaries (Barring the guarantee for subsidiaries)								
Name of the	Related Announcement	Guarantee limit	Actual	Actual guarantee	Guarantee	Guarantee term	Complete	Guarantee for

Company guaranteed	disclosure date		date of happening	limit	type		implementation or not	related party
-	-	-	-	-	-	-	-	-
Total approving external guarantee in report period (A1)		0	Total actual occurred external guarantee in report period (A2)			0		
Total approved external guarantee at the end of report period (A3)		0	Total actual balance of external guarantee at the end of report period (A4)			0		

Guarantee between the Company and the subsidiaries

Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Zhongshan Changhong Electric Co., Ltd.	Notice No.: 2018-005, 2018-009 and 2018-029 released on 30 March, 11 May 2018 respectively	70,000	September 11, 2018	10,000	Joint liability guaranty	One year	Y	N
			October 11, 2018	5,000	Joint liability guaranty	One year	Y	N
	Notice No.: 2019-004, 2019-006 and 2019-012 released on 30 Jan., 23 Feb. 2019 respectively	130,000	January 22, 2019	10,000	Joint liability guaranty	One year	Y	N
			April 4, 2019	5,500	Joint liability guaranty	One year	Y	N
			April 30, 2019	10,000	Joint liability guaranty	One year	Y	N
			May 31, 2019	5,000	Joint liability guaranty	One year	Y	N
			July 23, 2019	15,000	Joint liability guaranty	One year	Y	N
			August 21, 2019	2,000	Joint liability guaranty	One year	Y	N
	Notice No. 2019-090, No. 2020-002 released on 26 Dec. 2019 and 11 Jan. 2020	150,000	March 5, 2020	5,000	Joint liability guaranty	One year	N	N
			March 9, 2020	15,000	Joint liability guaranty	One year	N	N
			March 27, 2020	5,500	Joint liability guaranty	One year	N	N

			March 30, 2020	20,000	Joint liability guaranty	One year	N	N
			April 14, 2020	17,900	Joint liability guaranty	One year	N	N
			April 28, 2020	12,000	Joint liability guaranty	One year	N	N
			June 10, 2020	20,000	Joint liability guaranty	One year	N	N
			August 17, 2020	10,000	Joint liability guaranty	One year	N	N
			September 2, 2020	15,000	Joint liability guaranty	One year	N	N
	Notice No. 2020-097, No. 2020-098, No. 2020-101, and No. 2020-107, released on 11 Dec. 2020 and 30 Dec. 2020	140,000	-	-	-	-	-	-
Changhong Meiling Ridian Technology Co., Ltd.	Notice No. 2019-004, No. 2019-006, No. 2019-012 released on 30 Jan. 2019 and 23 Feb. 2019	26,000	January 22, 2019	2,500	Joint liability guaranty	One year	Y	N
			April 30, 2019	4,000	Joint liability guaranty	One year	Y	N
			September 4, 2019	6,500	Joint liability guaranty	One year	Y	N
	Notice No. 2019-090, No. 2020-002 released on 26 Dec. 2019 and 11 Jan. 2020	30,000	April 2, 2020	3,000	Joint liability guaranty	One year	N	N
			April 2, 2020	4,000	Joint liability guaranty	One year	N	N
			August 17, 2020	6,500	Joint liability guaranty	One year	N	N
			September 2, 2020	5,000	Joint liability guaranty	One year	N	N
	Notice No. 2020-097, No. 2020-098, No. 2020-101, and No. 2020-107, released on 11 Dec. 2020 and 30 Dec. 2020	30,000	-	-	-	-	-	-

Zhongke Meiling Cryogenic Technology Co., Ltd.	Notice No. 2019-004, No. 2019-006, No. 2019-012 released on 30 Jan. 2019 and 23 Feb. 2019	14,000	July 17, 2019	3,000	Joint liability guaranty	One year	Y	N
			August 23, 2019	2,000	Joint liability guaranty	One year	Y	N
			September 24, 2019	920	Joint liability guaranty	One year	Y	N
			October 22, 2019	3,000	Joint liability guaranty	One year	Y	N
			December 30, 2019	2,000	Joint liability guaranty	11 months	N	N
	Notice No. 2019-090, No. 2020-002, No. 2020-012, No. 2020-019, and No. 2020-036, released on 26 Dec. 2019, 11 Jan. 2020, 28 Mar. 2020 and 30 May 2020	18,000	March 10, 2020	1,000	Joint liability guaranty	One year	N	N
			June 1, 2020	1,500	Joint liability guaranty	9.5 months	N	N
			June 18, 2020	500	Joint liability guaranty	8.6 months	N	N
			August 24, 2020	2,000	Joint liability guaranty	One year	N	N
			September 25, 2020	3,000	Joint liability guaranty	One year	N	N
November 19, 2020			1,000.00	Joint liability guaranty	One year	N	N	
Notice No. 2020-097, No. 2020-098, No. 2020-101, and No. 2020-107, released on 11 Dec. 2020 and 30 Dec. 2020	26,000		-	-	-	-	-	-
Sichuan Changhong Air-conditioner Co., Ltd.	Notice No. 2019-004, No. 2019-006, No. 2019-012 released on 30 Jan. 2019 and 23 Feb. 2019	100,000	July 30, 2019	20,000.00	Joint liability guaranty	8 months	Y	N
	Notice No. 2019-090, No. 2020-002 released on	100,000	-	-	-	-	-	-

	26 Dec. 2019 and 11 Jan. 2020							
	Notice No. 2020-097, No. 2020-098, No. 2020-101, and No. 2020-107, released on 11 Dec. 2020 and 30 Dec. 2020	100,000	-	-	-	-	-	-
Changhong RUBA Trade Company	Notice No. 2018-061, No. 2018-063 released 9 Nov. 2018	6,264 <sup>note 1</sup>	January 10, 2019	2,062.41	Joint liability guaranty	One year	Y	N
	Notice No. 2019-083, No. 2019-084, No. 2019-087 released on 7 Dec. 2019 and 18 Dec. 2019	6,345 <sup>note2</sup>	December 23, 2019	2,103.51	Joint liability guaranty	One year	N	N
			January 14, 2020	1,983.25	Joint liability guaranty	11.4 months	Y	N
			December 16, 2020	1,831.50	Joint liability guaranty	One year	N	N
	Notice No. 2020-097, No. 2020-098, No. 2020-101, and No. 2020-107, released on 11 Dec. 2020 and 30 Dec. 2020	5,920.38 <sup>note 3</sup>	-	-	-	-	-	-
Jiangxi Meiling Electric Appliance Co., Ltd.	Notice No. 2019-004, No. 2019-006, No. 2019-012 released on 30 Jan. 2019 and 23 Feb. 2019	25,000	January 10, 2019	5,000.00	Joint liability guaranty	One year	Y	N
			March 21, 2019	10,000.00	Joint liability guaranty	One year	Y	N
	Notice No. 2019-090, No. 2020-002 released on 26 Dec. 2019 and 11 Jan. 2020	15,000	April 9, 2020	10,000	Joint liability guaranty	One year	N	N
	Notice No. 2020-097, No. 2020-098, No. 2020-101, and No.	10,000	-	-	-	-	-	-

	2020-107, released on 11 Dec. 2020 and 30 Dec. 2020							
Hefei Meiling Nonferrous Metal Products Co., Ltd.	Notice No. 2019-090, No. 2020-002 released on 26 Dec. 2019 and 11 Jan. 2020	3,000	March 20, 2020	1,000	Joint liability guaranty	One year	N	N
	Notice No. 2020-097, No. 2020-098, No. 2020-101, and No. 2020-107, released on 11 Dec. 2020 and 30 Dec. 2020	3,000	-	-	-	-	-	-
Hefei Meiling Group Holdings Limited	Notice No. 2019-090, No. 2020-002 released on 26 Dec. 2019 and 11 Jan. 2020	50,000	March 26, 2020	6,000	Joint liability guaranty	One year	N	N
	Notice No. 2020-097, No. 2020-098, No. 2020-101, and No. 2020-107, released on 11 Dec. 2020 and 30 Dec. 2020	50,000	December 30, 2020	10,000.00	Joint liability guaranty	One year	N	N
Hebei Hongmao Daily Appliance Technology Co., Ltd.	Notice No. 2019-090, No. 2020-002 released on 26 Dec. 2019 and 11 Jan. 2020	4,000	-	-	-	-	-	-
Total amount of approving guarantee for subsidiaries in report period (B1)			734,920.38	Total amount of actual occurred guarantee for subsidiaries in report period (B2)			316,300.67	
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)			755,265.38	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)			182,835.01	
Guarantee of the subsidiaries for the subsidiaries								
Name of the Company	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Complete	Guarantee for related

guaranteed							mentat ion or not	party
-	-	-	-	-	-	-	-	-
Total amount of approving guarantee for subsidiaries in report period (C1)		0	Total amount of actual occurred guarantee for subsidiaries in report period (C2)		0			
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)		0	Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)		0			
Total amount of guarantee of the Company (total of three abovementioned guarantee)								
Total amount of approving guarantee in report period (A1+B1+C1)		734,920.38	Total amount of actual occurred guarantee in report period (A2+B2+C2)		316,300.67			
Total amount of approved guarantee at the end of report period (A3+B3+C3)		755,265.38	Total balance of actual guarantee at the end of report period (A4+B4+C4)		182,835.01			
Ratio of actual guarantee (A4+B4+C4) in net assets of the Company					37.67%			
Including:								
Amount of guarantee for shareholders, actual controller and its related parties (D)					0			
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)					158,835.01			
Proportion of total amount of guarantee in net assets of the Company exceed 50% (F)					0			
Total amount of the aforesaid three guarantees (D+E+F)					158,835.01			
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)					N/A			
Explanations on external guarantee against regulated procedures (if applicable)					N.A			

Note 1: In order to unify the currency for totaling, the exchange rate here was converted from the US dollar to the RMB 6.96 on October 31, 2018. For details, please refer to the announcement No. 2018-063 disclosed by the company.

Note 2: In order to unify the currency for totaling, the exchange rate here was converted from the US dollar to the RMB 7.05 on October 31, 2019. For details, please refer to the announcement No. 2019-090 disclosed by the company.

Note 3: In order to unify the currency for totaling, the exchange rate here was converted from the US dollar to the RMB 6.5782 on November 30, 2020. For details, please refer to the announcement No. 2020-101 disclosed by the company.

The above-mentioned guarantee objects are the wholly-owned and holding subsidiaries of the Company, and these wholly-owned and holding subsidiaries are in normal production and operation, there are no overdue loans, and the guarantee risks are controllable. During the reporting period, the highest level of security the Company provided amounted to 7,349,203,800 Yuan by the approval, the actual amount of guarantee is 3,163,006,700 Yuan. At the end of the reporting period, the practical guarantee balance amounted to 1,828,350,100 Yuan, accounting for the Company's latest net assets ratio of 37.67%.

Explanation on guarantee with composite way: Not applicable

## 2. Guarantee outside against the regulation



Applicable Not applicable

No guarantee outside against the regulation in Period.

**(iii) Entrust others to cash asset management**

**1. Trust financing**

Applicable  Not applicable

Trust financing in the period

In 10 thousand Yuan

Type	Capital resources	Amount for entrust	Undue balance	Overdue amount
Bank financing products	Idle raised funds	45,000	0	0
	Own idle funds	48,500	0	0
Total		93,500	0	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	10,000.00	Idle raised funds	February 21, 2020	May 25, 2020	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	97.86	97.86	N/A	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Notice No.: 2020-010)
Mianyang Economic Development Zone branch of Bank of China Limited	Bank	Guaranteed capital and minimum return	5,000.00	Idle raised funds	March 10, 2020	June 10, 2020	This product is a structured deposit product. The spot exchange rate of US dollar to Swiss franc is taken from the quotes U.S. dollar drawn by EBS (Interbank Electronic Trading System) between 5 a.m.	Annualized returns: 3.60%	3.60%	46	45.37	45.37	N/A	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Notice No.: 2020-011)

							Sydney time every Monday and 5 p.m. New York time every Friday against Swiss francs.									
Hefei Branch of China Guangfa Bank	Bank	Principal-guaranteed with floating income	5,000.00	Idle own funds	April 20, 2020	July 20, 2020	Investment of the central bank bill in bank market, treasury bond, corporate bonds, short-term financing, medium-term bills, inter-bank borrowing, inter-bank deposits, bills or bill repurchase etc., and interest rate-linked option products	Annualized returns: 3.85%	3.85%	48.66	48.12	48.12	N/A	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Notice No.: 2020-026)
Hefei Branch of Bank of East Asia (China) Co., Ltd.	Bank	Principal-guaranteed with floating income	5,000.00	Idle own funds	April 21, 2020	July 21, 2020	Deposits embedded in financial derivatives absorbed by the Bank are linked to exchange rate fluctuations so that depositors can obtain corresponding returns on the basis of certain risks.	Annualized returns: 3.80%	3.80%	48.03	48.03	48.03	N/A	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Notice No.: 2020-026)

Mianyang Economic Development Zone branch of Bank of China Limited	Bank	Guaranteed capital and minimum return	10,000.00	Idle own funds	April 23, 2020	July 24, 2020	Funds raised by this product are operated uniformly by the Bank of China, and business management is carried out in accordance with the principle of separating basic deposits from derivative transactions. The principal part raised is included in the unified operation and management of the internal funds of the Bank of China, and included in the payment scope of deposit reserves and deposit insurance premiums. Products embedded derivatives are partly invested in derivatives markets such as exchange rates, interest rates, commodities, and indices, and the final	Annualized returns: 3.75%	3.75%	95.83	94.52	94.52	N/A	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Notice No.: 2020-027)
--	------	---------------------------------------	-----------	----------------	----------------	---------------	---	---------------------------	-------	-------	-------	-------	-----	---	----------------	--

							product performance is linked to derivatives. During the investment period, Bank of China uses the income method to value the embedded option price of this structured deposit.										
Hefei Branch of China Everbright Bank Co., Ltd.	Bank	Principal-guaranteed with floating income	5,000.00	Idle own funds	May 21, 2020	August 21, 2020	This product is a RMB structured deposit product with embedded financial derivative instruments. The bank will invest the raised structured deposit funds in bank time deposits, and at the same time invest in financial derivative transactions (including but not limited to options and swaps and other derivative transactions) in domestic or international financial	Annualized returns: 3.30%	3.30%	42.17	42.50	42.50	N/A	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Notice No.: 2020-033)	

							markets by limiting the income of the time deposits to the upper limit, the sum of the investment gains and losses of financial derivative transactions and the bank deposit interest together constitute the income of structured deposit products.									
Mianyang Branch of Bank of Communications Co., Ltd.	Bank	Principal-guaranteed with floating income	5,000.00	Idle funds	May 27, 2020	August 27, 2020	The funds collected by the structured deposit products are included in the deposit management category as the principal	Annualized returns: 3.30%	3.30%	42.17	41.59	41.59	N/A	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Notice No.: 2020-034)
Chengdu Branch of Bohai Bank Co., Ltd	Bank	Principal-guaranteed with floating income	10,000.00	Idle raised funds	May 27, 2020	August 26, 2020	The structured deposit product, the derivatives tied with the 3-month interbank lending rate in London (Libor)	Annualized returns: 3.45%	3.45%	87.21	86.01	86.01	N/A	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Notice No.: 2020-035)
Mianyang Branch of Bank of Communications Co., Ltd	Bank	Principal-guaranteed with floating income	5,000.00	Idle funds	June 5, 2020	September 7, 2020	The funds collected by the structured deposit products are included in the	Annualized returns: 3.27%	3.27%	42.69	42.11	42.11	N/A	Y	Not applicable	Juchao Website(www.cninfo.com.cn)

ations Co., Ltd.							deposit management category as the principal	3.27%								(Notice No.: 2020-037)
Chengdu Branch of China CITIC Bank Co., Ltd.	Bank	Principal-guaranteed with floating income	5,000.00	Idle raised funds	June 15, 2020	September 14, 2020	This product is a structured deposit product, which refers to deposits embedded in financial derivative products linking to the fluctuation of interest rates, exchange rates, indexes and other financial market objects or to the credit status of an entity, so that depositors can obtain corresponding benefits on the basis of bearing certain risks.	Annualized returns: 3.30%	3.30%	41.71	41.14	41.14	N/A	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Notice No.: 2020-040)
Hefei Branch of Bank of East Asia (China) Limited	Bank	Principal-guaranteed with floating income	5,000.00	Idle own funds	June 12, 2020	September 11, 2020	Deposits embedded in financial derivatives absorbed by the Bank are linked to exchange rate fluctuations so that depositors can obtain	Annualized returns: 3.50%	3.50%	44.24	44.24	44.24	N/A	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Notice No.: 2020-039)

							corresponding returns on the basis of certain risks.									
Mianyang Economic Development Zone branch of Bank of China Limited	Bank	Guaranteed capital and minimum return	3,500.00	Idle own funds	April 22, 2020	May 25, 2020	Funds raised by this product are operated uniformly by the Bank of China, and business management is carried out in accordance with the principle of separating basic deposits from derivative transactions. The principal part raised is included in the unified operation and management of the internal funds of the Bank of China, and included in the payment scope of deposit reserves and deposit insurance premiums. Products embedded derivatives are partly invested in derivatives markets	Annualized returns: 3.40%	3.40%	10.91	10.76	10.76	N/A	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Notice No.: 2020-026)



							such as exchange rates, interest rates, commodities, and indices, and the final product performance is linked to derivatives. During the investment period, Bank of China uses the income method to value the embedded option price of this structured deposit.									
Hefei Branch of Bank of East Asia (China) Limited	Bank	Principal-guaranteed with floating income	5,000.00	Idle own funds	July 15, 2020	October 16, 2020	Deposits embedded in financial derivatives absorbed by the Bank are linked to exchange rate fluctuations so that depositors can obtain corresponding returns on the basis of certain risks.	Annualized returns: 3.40%	3.40%	43.91	43.92	43.92	N/A	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Notice No.: 2020-045)
Chengdu Branch of Industrial Bank Co., Ltd.	Bank	Principal-guaranteed with floating income	15,000.00	Idle raised funds	September 15, 2020	December 14, 2020	Structured deposits refers to the business products that enable depositors to obtain higher returns on the basis of certain risks	Annualized returns: 2.95%	2.95%	110.62	109.11	109.11	N/A	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Notice No.: 2020-068)

							by linking with the fluctuations in interest rates, exchange rates and indexes etc., or with the credit status of an entity									
Total		93,500.00	--	--	--	--	--	--	--	803.37	795.28	795.28	--	--	--	--

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

Applicable  Not applicable

**2. Entrust loans**

Applicable  Not applicable

No entrust loans in the period.

**(iv) Major contracts for daily operations**

Applicable  Not applicable

**(v) Other material contracts**

Applicable  Not applicable

No other material contracts in the period

**XVIII. Social responsibility**

**(i) Performance of social responsibility:** Not applicable

**(ii) Fulfill the precise social responsibility for poverty alleviation**

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

**(iii) Environment protection**

The listed Company and its subsidiary whether belongs to the key sewage units released from environmental protection department:  Yes  No

Name of company or subsidiary	Major pollutants and name of typical pollutants	Way of discharge	number of discharge outlets	Distribution of discharge outlets	concentration of discharge	Pollutants discharge standards enacted	Total discharge volume	Total discharge volume certified	Discharge beyond the standards
Sichuan Changhong Air-conditioner Co., Ltd.	VOC (volatile organic compounds)	Organized emissions	3	Two outlets at J05 workshop and one outlet at J07 workshop, No 128, Sanjiang Road, Economic Development Zone, Mianyang City	≤22.4 mg/m <sup>3</sup>	"Sichuan Province Fixed Pollution Source Air Volatile Organic Compound Emission Standard DB51/2377-2017" Table 3 standard requirements, that is, volatile organic compounds <60mg/m <sup>3</sup> .	1880.76kg	Sichuan Changhong Air-conditioner Co., Ltd. has completed the pollutant discharge registration on the national pollutant discharge permit management information platform and obtained the registration receipt in accordance with the "Pollution Permit	Not exceeded
	Nitrogen oxides	Organized emissions	2	Two outlets at J05 workshop (it belongs to the same output as J05VOC), No 128, Sanjiang Road, Economic Development Zone, Mianyang City	≤13 mg/m <sup>3</sup>	"Comprehensive Emission Standard of Air Pollutants GB16297-1996" Table 2 secondary standard requirements, that is, the concentration of nitrogen oxides <240 mg/m <sup>3</sup>	248.16kg		Not exceeded

Sulfur dioxide	Organized emissions	2	Two outlets at J05 workshop (it belongs to the same output as J05VOC), No 128, Sanjiang Road, Economic Development Zone, Mianyang City	≤13 mg/m <sup>3</sup>	"Comprehensive Emission Standard of Air Pollutants GB16297-1996" Table 2 requirements, that is, the SO <sub>2</sub> <120 mg/m <sup>3</sup>	911.05kg	Management Measures (Trial)", the "Fixed Pollution Source Pollution Permit Classification Management Directory (2019 Edition)", etc., there is no requirement	Not exceeded
Particulate matter	Organized emissions	4	Two outlets at J05 workshop and one outlet at J07 workshop, No 128, Sanjiang Road, Economic Development Zone, Mianyang City	<20mg/m <sup>3</sup>	"Comprehensive Emission Standard of Air Pollutants GB16297-1996" Table 2 secondary standard requirements, that is, the concentration of particulate matter <120 mg/m <sup>3</sup>	5767.56kg	for the company's total emissions in the pollution discharge registration	Not exceeded

Note 1: In 2020, Bureau of Ecology and Environment of Mianyang issued the MHF [2020] No. 38 "Notice on Supplementing the List of Key Pollutant Discharge Units in 2020", and included Changhong Air-conditioner in the list of key soil pollution supervision.

Note 2: The company's wholly-owned subsidiary Zhongshan Changhong Electric Co., Ltd. (hereinafter referred to as "Zhongshan Changhong") is located in Zhongshan City, Guangdong Province. In 2019, Zhongshan Changhong was listed in the list of key pollutant emission units for the atmospheric environment in 2019 by the Bureau of Ecology and Environment of Zhongshan. However, the company attached great importance to environmental protection in daily environmental protection and pollution control work, and actively fulfilled corporate social responsibility and undertook social obligations. In 2020, Zhongshan Changhong is no longer included in the list of key pollutant discharge units in 2020 by the Bureau of Ecology and Environment of Zhongshan.

### **1. Construction and operation of pollution prevention facilities**

The Company and its subsidiaries actively respond to the national ecological civilization construction plan, and actively participate in national environmental protection works in line with the purpose of actively fulfilling its corporate social responsibility. In recent years, The Company and its subsidiaries have actively explored the introduction of advanced management concepts and methods, and invested a large amount of money in the purchase of pollution control equipment and facilities. And realized emission reduction by scientific technical methods by the investment in installation of activated carbon adsorption treatment equipment, welding dust purifier facilities etc. At the same time, in order to ensure the effective operation of the management equipment and facilities, the Company and its subsidiaries have adopted such management measures as setting up special personnel to manage and maintain the operation of the equipment and facilities, formulating proper rules for operation and maintenance of the equipment and facilities, emergency disposal regulations, supervision and assessment mechanism, allocating special maintenance funds and so on, so as to ensure the effective operation of the governing facilities in a full round, delivering its best to protect and improve the ecological environment around the enterprise.

### **2. Environment impact assessment and other required environment protection administrative license for construction projects**

The Company and its subsidiaries earnestly implement the Environmental Protection Law, the Environmental Impact Assessment Law and the Regulations on Environmental Protection Management of Construction Projects, consciously abide by environmental protection laws and regulations, industry requirements and government regulations. For new, renovated and expanded projects, the Company and its subsidiaries adhere to the project environmental impact assessment and "three simultaneous" system, fully implement environmental protection measures, act well in environment protection management in respect of project planning, design, construction and operation, make full use of advanced crafts and technological means to reduce environmental pollution. Environmental impact assessment is carried out synchronously while making the feasibility study for a construction project. Third-party professional parties are engaged to analyze the industrial policy, land use planning, environmental impact and the feasibility of environmental protection measures of the project. Construction will be started only after approved by the competent environmental protection authorities. During the construction, environmental protection requirements are earnestly implemented, environmental protection facilities are built synchronously, environmental protection acceptance of the project is arranged in time upon completion of the project to ensure that the project meets the acceptance criteria and could be put into official operation with all the environmental impact assessment requirements met. During the operation period, the Company conducts pollution prevention to ensure the normal operation of environmental protection facilities in strict compliance with the relevant environmental impact assessment documents and the reply requirements of the competent environmental protection authorities.

### **3. Emergency plan for environmental emergencies**

The Company and its subsidiaries have set up related emergency plans for environmental emergencies. The

Company and its subsidiaries have determined classified warning based on the different extent and severity of environmental impacts that may be caused by the material environmental factors, defined the responsibilities for emergency response, regulated emergency handling procedures, established special team to handle emergencies and organized regular rehearsal and appraisal of relevant emergency plans, so as to ensure the effectiveness of these plans, improve their capability of emergency handling and take precautions against contingent emergencies.

#### **4. Independent plan to monitor environment**

The Company and its subsidiaries have established regular monitoring plan for environmental pollutants, set up special funds for pollutants monitoring, and engaged third-party authoritative to regularly monitor the operation of major pollution-production links and environmental protection treatment facilities in connection with the major pollutants produced by the Company and its subsidiaries, to make sure that the Company and its subsidiaries could achieve emission standards in a full round.

#### **5. Other environment information that should be disclosed**

According to the Environmental Information Disclosure Measures of Enterprises and Institutions, the Company and its subsidiaries have realized the disclosure of information relating to environmental impact assessment, project acceptance, pollutants production and discharge, solid waste management, important environmental factors, environmental objectives and performance of construction projects.

#### **6. Other environment related information**

In order to further realize the scientific and systematic environmental protection work of the Company and its subsidiaries, the Company and its subsidiaries have established an environmental management system in accordance with ISO14001 standards, set up an environmental protection organization, acquired environmental protection resources, regularly identified, updated and appraised environmental factors, compliance obligations, environmental risks and opportunities, and regularly determined environmental objectives and management programs. Through the implementation of management programs and continuous normal improvement, the environmental performance of the Company and its subsidiaries has been continuously improved. Through regular internal audit and management review, as well as the verification and examination of the third parties, the environmental management system of the Company and its subsidiaries has been effectively controlled and fully meets the system management standards and relevant regulations.

### **XIX. Explanation on other significant events**

Applicable  Not applicable

1. The resolution of the 34<sup>th</sup> session of the 9<sup>th</sup> board of directors of the company passed and agreed that the company would withdraw in advance the remaining all investments under the "Dongwu-CMB-Donghui No. 135 Targeted Asset Management Plan" issued by Soochow Securities Co., Ltd., that is, the remaining face value of 50 million yuan of principal and the investment income during the holding period corresponding to the principal of about 2,816,300 yuan (preliminary calculation) are recovered in advance, and use for the company's daily

operations. After this withdrawal in advance, the entrusted asset principal of the No. 135 targeted asset management plan subscribed by the company is 0 yuan, and the company will subsequently liquidate the targeted asset management plan. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2019-094) on 2 Jan. 2020.

2. The resolutions of the 36<sup>th</sup> session of the 9<sup>th</sup> Board of Directors, the 19<sup>th</sup> session of the 9<sup>th</sup> Board of Supervisors, and the 2019 Annual General Meeting of Shareholders passed the “Plan for Profit Distribution of the Company in 2019”, and the independent directors of the company made independent approval opinions, taking into account the interests of shareholders and the long-term development needs of the company, agreed the company to use the total share capital of 1,044,597,881 shares on December 31, 2019 as the base, and distribute a cash dividend of 0.5 yuan (including tax) per every 10 shares to all shareholders, who distributed cash dividends of 52,229,894.05 yuan (including tax) in total. After this allocation, the company's total share capital remains unchanged, and the remaining undistributed profit of the parent company is 893,677,967.36 yuan, and the remaining undistributed profits shall be distributed after being carried forward in the subsequent years.

On 11 June 2020, the Company released the profit distribution plan for year of 2019 and implemented the plan. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2020-012, No.2020-013, No.2020-028, No.2020-036 and No.2020-038) on 28 March 2020, 8 May 2020, 30 May 2020 and 11 June 2020.

3. The 36<sup>th</sup> session of the 9<sup>th</sup> board of directors of the company and the 2019 annual general meeting of shareholders passed and agreed that the company and its subsidiaries would conduct forward foreign exchange fund transactions during the period from July 1, 2020 to June 30, 2021, the business transaction balance does not exceed 650 million U.S. dollars (mainly including U.S. dollars, Australian dollars, Euros, and all other foreign exchanges are converted into U.S. dollars), and the longest delivery period of a single business does not exceed 1 year. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2020-012, No.2020-017, and No.2020-036) on 28 March 2020 and 30 May 2020.

4. The 36<sup>th</sup> session of the 9<sup>th</sup> board of directors of the company and the 2019 annual general meeting of shareholders passed and agreed that the company should apply to China Construction Bank Co., Ltd. Hefei Luyang Sub-branch for a special credit line of up to 700 million yuan in bill pools, with a credit period of 2 years. The types of credits are mainly used for the special business in the bill pools by using the bill pledge method. The 37<sup>th</sup> session of the 9<sup>th</sup> board of directors of the company and the 2019 annual general meeting of shareholders approved and agreed that the company could apply to Ping An Bank Co., Ltd. Hefei Branch for a special credit line of up to 300 million yuan in bill pools, with a credit period of 1 year. The credit types are mainly used for special business in the bill pools by adopting the bill pledge method. The 38<sup>th</sup> session of the 9<sup>th</sup> board of directors of the company and the 2019 annual general meeting of shareholders approved and agreed that the company and its subsidiaries could apply to Hefei Economic Development Zone Branch of Huishang Bank Co., Ltd. for a

special credit line of up to 300 million yuan in the bill pools, with a credit period of 1 year. The credit types are mainly used for special business in the bill pools by adopting the bill pledge method, and agreed that the company and its subsidiaries could apply to the Hefei Branch of China Merchants Bank Co., Ltd. for a special credit line of up to 300 million yuan in the bill pools, with a credit period of 1 year. The credit types are mainly used for special business in the bill pools by adopting the bill pledge method. The 42<sup>nd</sup> session of the 9<sup>th</sup> board of directors of the company and the 4<sup>th</sup> Extraordinary General Meeting of Shareholders of 2020 approved and agreed that the company and its subsidiaries could apply to Hefei Branch of Hua Xia Bank Co., Ltd. for a special credit line of up to 500 million yuan in the bill pools, agreed that the company and its subsidiaries could apply to Hefei Branch of Hangzhou Bank Co., Ltd. for a special credit line of up to 600 million yuan in the bill pools, agreed that the company and its subsidiaries could apply to Hefei Branch of Zheshang Bank Co., Ltd. for a special credit line of up to 500 million yuan in the bill pools, agreed that the company and its subsidiaries could apply to Anhui Branch of Bank of Communications Co., Ltd. for a special credit line of up to 1000 million yuan in the bill pools. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2020-012, No.2020-020, No.2020-022, No.2020-025, No.2020-029, No.2020-030, No.2020-036, No.2020-069 and No.2020-083) on 28 March 2020, 18 April 2020, 8 May 2020, 30 May 2020, 19 September 2020 and 13 October 2020.

5. Being deliberated and approved by 39<sup>th</sup> session of 9<sup>th</sup> BOD, the Company agreed to invest approximately 20.21 million yuan on the expansion technology improvement for production line of the export refrigerators, with purpose of improving the production capacity, technical standards and product competitiveness. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No.2020-041) on 30 June 2020.

6. The deliberations and approvals at the 33<sup>rd</sup> session of the 9<sup>th</sup> board of directors, the 17<sup>th</sup> session of the 9<sup>th</sup> board of supervisors, and the first extraordinary general meeting of shareholders in 2020 agreed that the company would close the "intelligent R&D project", and the project's surplus raised funds of 125,084,220.44 yuan as of November 30, 2019 (including the income of wealth management and the interest income from deposits of 47,970,805.20 yuan) and the interest settled thereafter are used to permanently supplement the company's liquid funds. The specific amount is subject to the actual amount after deducting the reserved contract balance and the warranty money from the special account on the day the funds are transferred out. At the same time, the total amount of 114,368,326.60 yuan in the balance of the contract to be paid and warranty money will continue to be kept in the fund-raising account and paid according to the contract. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2019-088, No.2019-089, No.2019-091 and No.2020-002) on 26 Dec. 2019 and 11 Jan. 2020.

7. In reporting period, the Company and its subordinate controlling subsidiary, have accumulated received various kinds of government subsidies as 50,907,539.53 Yuan. Found more on appointed media “Securities Times”,



“China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No.2020-043) on 2 July 2020.

8. On July 23, 2020, the company issued the Reminder Announcement on Operating Conditions. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No.2020-046).

9. After review and approval by the 40<sup>th</sup> session of the 9<sup>th</sup> BOD, the 21<sup>st</sup> meeting of the 9<sup>th</sup> board of supervisors, and the 3<sup>rd</sup> extraordinary general meeting of shareholders in 2020, it was agreed that the company would use its own funds to repurchase part of the company's domestic listed foreign shares (B shares) by means of centralized bidding transactions. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2020-047, No.2020-048, No.2020-049 and No.2020-063) on 28 July 2020, 19 August 2020

At present, the share repurchase plan is in the process of implementation, see this report for details "4. Progress in the implementation of share repurchase" in "1. Share changes" in "(1) Share changes" in "Section VI Changes in Shares and Particular about Shareholders".

10. The resolutions of the 41<sup>st</sup> meeting of the 9<sup>th</sup> Board of Directors, the 22<sup>nd</sup> meeting of the 9<sup>th</sup> Board of Supervisors passed and agreed the company to implement the new financial instrument standards and change the relevant accounting policies in accordance with the relevant regulations and requirements of the Ministry of Finance. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2020-056, No.2020-057 and No.2020-059) on 15 August 2020

11. During the period from December 9 to December 10, 2020 and from December 22 to December 23, 2020, the company's stock trading had two consecutive trading days with a cumulative increase deviation of the closing price of more than 20%. According to the relevant regulations of the Shenzhen Stock Exchange, the company issued the Announcement on Abnormal Fluctuations in Stock Trading. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2020-096 and No.2020-106) on 11 December 2020 and 24 December 2020.

12. The resolutions of the 33<sup>rd</sup> meeting of the 9<sup>th</sup> Board of Directors, the 17<sup>th</sup> meeting of the 9<sup>th</sup> Board of Supervisors, and the 1<sup>st</sup> Extraordinary General Meeting of 2020 passed and agreed the company to provide credit guarantees of 3670 million yuan in total for its wholly-owned and controlled subsidiaries in 2020, the guarantee period is one year for the newly increased guarantee amount for the current year and the amount of renewal insurance during Current Year. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2019-088, No. 2019-089, No. 2019-090 and No.2020-002) on 26 December 2019 and 11 January 2020.

The resolutions of the 4<sup>th</sup> meeting of the 10<sup>th</sup> Board of Directors, the 3<sup>rd</sup> meeting of the 10<sup>th</sup> Board of Supervisors,

and the 5<sup>th</sup> Extraordinary General Meeting of 2020 passed and agreed the company to provide credit guarantees of 3,649,203,800 yuan in total for its wholly-owned and controlled subsidiaries in 2021, the guarantee period is one year for the newly increased guarantee amount in 2021 and the amount of renewal insurance in 2021. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2019-088, No. 2020-097, No. 2020-098, No. 2020-101 and No.2020-107) on 12 December 2020 and 30 December 2020.

13. The resolutions of the 4<sup>th</sup> session of the 10<sup>th</sup> Board of Directors passed and agreed to appointed Mr. Zhong Ming as president of the Company, and his term of office is the same as the 10<sup>th</sup> BOD’s. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No.2020-097) on 12 December 2020.

14. After review and approval by the company’s fourth meeting of the tenth board of directors, the third meeting of the tenth board of supervisors, and the fifth extraordinary general meeting of shareholders in 2020, it was agreed that the company and its subsidiaries would use their own idle funds not exceeding 1.2 billion yuan (The quota can be used on a rolling basis) to invest in the high-security, good-liquidity, low-risk, and stable bank financial products of product maturity within one year, the authorization period is valid within one year from the date of approval by the company’s general meeting of shareholders. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No.2020-097, No.2020-098, No.2020-102 and No.2020-107) on 12 December 2020 and 30 December 2020

15. After review and approval by the fourth meeting of the company’s tenth board of directors, it was agreed that the company would invest about 46.57 million yuan in the technical transformation of the refrigerator (freezer) production line at the Hefei base to meet future market demand and production capacity enhancement requirements, so as to enhance the company’s product competitiveness, and realize cost reduction and efficiency improvement. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No.2020-097) on 12 December 2020.

16. After review and approval by the fourth meeting of the 10th board of directors of the company, it was agreed that the company would invest 13,879,900 yuan to upgrade and rebuild the drainage pipe network of the freezer park and living quarters of the Hefei base to improve the drainage system capacity of the park, so as to guarantee the demand for the capacity of the drainage network due to the increase in production capacity and personnel. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No.2020-097) on 12 December 2020.

17. After review and approval by the fourth meeting of the tenth board of directors of the company, it was agreed that the company would apply for a new line of credit to some commercial banks with a pledge of no more than 150 million yuan of time deposits for the financing of export accounts receivable and bank acceptance bills, working capital loans, with a term of one year. Found more on appointed media “Securities Times”, “China

Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No.2020-097 and No.2020-103) on 12 December 2020.

## XX. Major event of the subsidiary

Applicable  Not applicable

1. The deliberations and approvals at the 36<sup>th</sup> session of the 9<sup>th</sup> board of directors of the company agreed that the company and its wholly-owned subsidiary Sichuan Changhong Air-conditioner Co., Ltd. (hereinafter referred to as "Changhong Air-conditioner") would jointly increase capital of 150 million yuan to Zhongshan Changhong with their own funds according to the existing shareholding ratio, of which the Company increased capital of 135 million yuan, and Changhong Air conditioning increased capital of 15 million yuan. After the capital increase was completed, the registered capital of Zhongshan Changhong has increased to 334 million yuan, and the shareholding ratio of the company and Changhong Air-conditioner in Zhongshan Changhong remains unchanged at 90% and 10%. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No.2020-012 and No.2020-018) on 28 Mar. 2020

2. The deliberations and approvals at the 36<sup>th</sup> session of the 9<sup>th</sup> board of directors and the 19<sup>th</sup> session of the 9<sup>th</sup> board of supervisors of the company agreed that in 2020, the company would increase credit guarantee for Zhongke Meiling, with the amount not exceeding 30 million yuan. After the approval of the guarantee quota, the guarantee quota provided by the company to Zhongke Meiling in 2020 will accumulate to 180 million yuan. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No.2020-012, No.2020-013 and No.2020-036) on 28 Mar. 2020 and 30 May 2020.

3. The deliberations and approvals at the 37<sup>th</sup> session of the 9<sup>th</sup> board of directors of the company agreed that the company would transfer the 0.18% equity of Ridian Technology held by Wu Changyuan with its own funds (initial investment amount of 150,000 yuan), and the equity transfer price was based on Ridian Technology’s audited net assets of 155,582,873.62 yuan as of December 31, 2019, the equity transfer price was determined to be 280,049.17 yuan. After the equity transfer, the company holds 99.036% of Ridian Technology's equity, and natural person shareholder Hu Zhiheng holds 0.964% of Ridian Technology's equity. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No.2020-022) on 18 April 2020.

4. The deliberations and approvals at the 37<sup>th</sup> session of the 9<sup>th</sup> board of directors of the company agreed that the company would transfer 100% equity of 7 subsidiaries held by the company’s wholly-owned subsidiary Hefei Meiling Electric Appliances Marketing Co., Ltd., including Chengdu Meiling Electric Appliances Marketing Co., Ltd., Fuzhou Meiling Electric Appliances Marketing Co., Ltd., and so on, to Hefei Meiling Group Holdings Limited, which is a wholly-owned subsidiary of the company, the equity transfer price is based on the audited net asset value of 7 marketing companies as of December 31, 2019, and it’s determined that the total equity transfer cost is 7 yuan. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong

Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No.2020-022) on 18 April 2020.

5. After review and approval by the 42nd meeting of the ninth board of directors of the company, it was agreed that the company would transfer 100% of the equity of three subsidiaries, including Taiyuan Meiling Electric Appliances Marketing Co., Ltd., Tianjin Meiling Electric Appliances Marketing Co., Ltd., and Zhengzhou Meiling Electric Appliances Marketing Co., Ltd., held by Hefei Meiling Electric Appliances Marketing Co., Ltd., a wholly-owned subsidiary of the company, to Hefei Meiling Group Holding Co., Ltd., a wholly-owned subsidiary of the company, the price of the equity transfer was based on the audited net asset value of the three marketing companies as of December 31, 2019, it's determined that the total equity transfer price was 2,724,594.32 yuan. It was agreed that Meiling Group, a wholly-owned subsidiary of the company, would merge its wholly-owned subsidiaries Chengdu Meiling Electric Appliances Marketing Co., Ltd., Fuzhou Meiling Electric Appliances Marketing Co., Ltd., Hangzhou Meiling Electric Appliances Marketing Co., Ltd., and other 7 subsidiaries. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2020-069) on 19 September 2020.

6. The deliberations and approvals at the 39<sup>th</sup> session of the 9<sup>th</sup> board of directors of the company agreed that Changhong Air-conditioner would apply to the Agricultural Bank of China Co., Ltd. Mianyang Fucheng Sub-branch for bank acceptance drafts not exceeding 100 million yuan with the pledge of time deposit certificates, the time limit was one year; and agreed that Changhong Air-conditioner could apply to Bohai Bank Co., Ltd. Chengdu Branch for bank acceptance drafts not exceeding 100 million yuan with the pledge of time deposit certificates, the time limit was one year; and agreed that Changhong Air-conditioner could apply to Liangli Sub-branch of Chengdu Rural Commercial Bank Co., Ltd. for bank acceptance drafts not exceeding 100 million yuan with the pledge of time deposit certificates, and the time limit was one year. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No.2020-041 and No.2020-042) on 30 June 2020

7. On September 29, 2020, the company received the capital share and profit distribution amount totaling 27,824,000 yuan from Sichuan Hongyun New Generation Information Technology Venture Capital Fund Partnership (Limited Partnership) (hereinafter referred to as "Hongyun Fund"), a shareholding company, among them, the recovered capital share was 2.46 million yuan; the profit distribution amount was 25,364,400 yuan, accounting for 44.94% of the company's most recent audited net profit attributable to shareholders of the listed company. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2020-082) on 10 October 2020.

8. Deliberated and approved by the fourth meeting of the tenth board of directors of the company, it was agreed that the company and Ningbo Hongling Enterprise Management Partnership (Limited Partnership) (the shareholding platform of the core management team of household appliances industry, hereinafter referred to as the "partnership") would jointly invest and establish Hefei Changhong Meiling Household Appliances Co., Ltd., in which the Company contributes 35 million yuan in cash, accounting for 70% of the registered capital, and the partnership invests 15 million yuan in cash, accounting for 30% of the registered capital, so as to adapt to external market competition, achieve the transformation and upgrading of the company's household appliances industry, and promote the rapid and sound development of the household appliances industry. Found more on appointed media "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and [www.cninfo.com.cn](http://www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2020-097) on 12 December 2020.

## Section VI. Changes in shares and particular about shareholders

### I. Changes in shares

#### (i) Changes in shares

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	10,553,770	1.01%	0	0	0	-81,094	-81,094	10,472,676	1.00%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person's shares	915,987	0.09%	0	0	0	737,748	737,748	1,653,735	0.16%
3. Other domestic shares	8,370,363	0.80%	0	0	0	-818,842	-818,842	7,551,521	0.72%
Including: Domestic legal person's shares	4,716,077	0.45%	0	0	0	-737,748	-737,748	3,978,329	0.38%
Domestic natural person's shares	3,654,286	0.35%	0	0	0	-81,094	-81,094	3,573,192	0.34%
4. Foreign shares	1,267,420	0.12%	0	0	0	0	0	1,267,420	0.12%
Including: Foreign legal person's shares	0	0.00%	0	0	0	0	0	0	0.00%
Foreign natural person's shares	1,267,420	0.12%	0	0	0	0	0	1,267,420	0.12%
II. Unrestricted shares	1,034,044,111	98.99%	0	0	0	81,094	81,094	1,034,125,205	99.00%
1. RMB ordinary shares	872,447,531	83.52%	0	0	0	81,094	81,094	872,528,625	83.53%
2. Domestically listed foreign shares	161,596,580	15.47%	0	0	0	0	0	161,596,580	15.47%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	1,044,597,881	100.00%	0	0	0	0	0	1,044,597,881	100.00%

#### 1. Reasons for share changed

√ Applicable □ Not applicable

(1) During the reporting period, 737,748 shares of the 1,229,580 shares with sales restrictions of the Company held by the original shareholder, the City Insurance Company, were transferred to the People's Insurance Group of China Co., Ltd., so the holder of the aforementioned shares was changed to a state-owned legal person.

(2) On August 22, 2019, the director and vice president of the company at the time, Mr. Zhong Ming, reduced his holding of 78,725 shares of the company through centralized bidding. After this reduction of holding, Mr. Zhong

Ming holds 236,175 shares of the company's RMB ordinary shares. According to the relevant regulations of the "Implementation Rules for Shareholding Reduction of Shareholders, Directors, Supervisors, and Senior Management of Listed Companies of the Shenzhen Stock Exchange", during the reporting period, the sales restrictions of 25% of the company's shares held by Mr. Zhong Ming, i.e. 59,044 shares, were lifted, and the remaining shares shall continue to be locked up.

(3) The original director of the company, Mr. Teng Guangsheng (Mr. Teng Guangsheng resigned from the company on June 2, 2018), the original term of office would expire on September 12, 2020. According to the relevant regulations of the "Implementation Rules for Shareholding Reduction of Shareholders, Directors, Supervisors, and Senior Management of Listed Companies of the Shenzhen Stock Exchange", during the reporting period, the sales restrictions of 25% of the company's shares held by Mr. Teng Guangsheng, namely 22,050 shares, were lifted, and the remaining shares shall continue to be locked up.

## 2. Approval of share changed

Applicable  Not applicable

## 3. Ownership transfer of share changed

Applicable  Not applicable

The 1,229,580 shares of the Company with sales restrictions held by the original shareholder, City Insurance Company, were transferred to the People's Insurance Group of China and China Life Insurance (Group) Company respectively. Among them, the People's Insurance Group of China holds 737,748 shares, and China Life Insurance (Group) Company holds 491,832 shares. The equity transfer procedures of aforementioned shares were completed on May 28, 2020 at the Shenzhen branch of China Securities Depository and Clearing Corporation Limited.

## 4. Progress of shares buy-back

Applicable  Not applicable

The company's 40<sup>th</sup> meeting of the ninth board of directors, the 21<sup>st</sup> meeting of the ninth board of supervisors, and the 3<sup>rd</sup> extraordinary general meeting of shareholders in 2020 held on July 27, 2020 and August 18, 2020 deliberated and approved the Proposal on the Repurchase of Part of Domestically Listed Foreign Shares (B Shares) of the Company. Found more on announcement (Notice No.:2020-047, 2020-048, 2020-049, 2020-063, 2020-064, 2020-066, 2020-081, 2020-092, 2020-093, 2020-094, 2020-095, 2021-001, 2021-007 and 2021-012) released on appointed media China Securities Journal, Securities Times, Hong Kong Commercial Daily and Juchao Website.

The company repurchased its shares for the first time from November 4, 2020 to December 31, 2020, and repurchased 5,552,151 shares of the company by centralized bidding through a dedicated securities account for repurchase, accounting for 0.5315% of the company's total share capital, the highest transaction price was HK\$2.21/share, the lowest transaction price was HK\$1.87/share, and the total amount of self-owned funds paid was HK\$11,699,465.27 (excluding transaction fees such as stamp duty and commission).

As of the disclosure date of this report, 8,388,888 shares of the company's share have been repurchased by centralized bidding through the special securities account for repurchase, accounting for 0.8031% of the



company's total share capital. The highest transaction price was HK\$2.21/share, and the lowest transaction price was HK\$1.87/share, the total amount of self-owned funds paid was HK\$17,946,867.40 (excluding transaction fees such as stamp duty and commission).

5. Implementation progress of the reduction of repurchases shares by centralized bidding

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

**(ii) Changes of restricted shares**

Applicable  Not applicable

In Share

Shareholders	Opening shares restricted	Shares released in Period	Restricted Shares Increased In the Period	Ending shares restricted	Restricted reasons	Date for released
Zhong Ming	236,175	0	59,044	177,131	Share lockup in senior executives	At beginning of 2020, 25% of the total company's shares held by Mr. Zhong Ming, namely the 59,044 shares, have been released from restriction
Teng Guangsheng	88,200	0	22,050	66,150	Share lockup in senior executives	At beginning of 2020, 25% of the total company's shares held by Mr. Teng Guangsheng, namely the 22,050 shares, have been released from restriction
Total	324,375	0	81,094	243,281	--	--

**II. Security offering and listing**

**(i) Security offering in reporting period (Not including preferred stock)**

Applicable  Not applicable

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

Applicable  Not applicable



(iii) Current shares held by internal staffs

Applicable  Not applicable

III. Particulars about shareholder and actual controller of the Company

(i) Amount of shareholders of the Company and particulars about shares holding

In Share

Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Sichuan Changhong Electric Co., Ltd.	State-owned legal person	23.79%	248,457,724	0	0	248,457,724	-	-
Hefei Industry Investment Holding (Group) Co., Ltd.	State-owned legal person	4.58%	47,823,401	0	0	47,823,401	-	-
CHANGHONG (HK) TRADING LIMITED	Foreign legal person	2.59%	27,077,797	0	0	27,077,797	-	-
CAO SHENGCHUN	Foreign nature person	1.41%	14,766,086	0	0	14,766,086	-	-
Ma Guobin	Domestic nature person	1.27%	13,231,054	+3,358,120	0	13,231,054	-	-
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	0	10,733,452	-	-
Philip Securities (H.K.) Co., Ltd.	Foreign legal person	0.60%	6,296,913	0	0	6,296,913	-	-
Securities A/C for Repurchase under the name of Changhong Meiling Co., Ltd.	Domestic general legal person	0.53%	5,552,151	+5,552,151	0	5,552,151	-	-
Ningbo High-Flyer Quant Investment Management Partnership (Limited Partnership)	Domestic non-state-owned legal person	0.45%	4,678,131	+4,678,131	0	4,678,131	-	-

-High-Flyer Quant Qingxi No.5 Private Equity Investment Fund									
Gu Jie	Domestic nature person	0.41%	4,285,700	+4,285,700	0	4,285,700	-	-	-
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable)	Not applicable								
Explanation on associated relationship among the aforesaid shareholders	Among the above shareholders, CHANGHONG (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 6 shareholders (Excluding Phillip Securities (Hong Kong) 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”.								
Particular about top ten shareholders with un-restrict shares held									
Shareholders' name	Amount of unrestricted shares held at end of Period	Type of shares							
		Type	Amount						
Sichuan Changhong Electric Co., Ltd.	248,457,724	RMB ordinary shares	248,457,724						
Hefei Industry Investment Holding (Group) Co., Ltd.	47,823,401	RMB ordinary shares	47,823,401						
CHANGHONG (HK) TRADING LIMITED	27,077,797	Domestically listed foreign shares	27,077,797						
CAO SHENGCHUN	14,766,086	Domestically listed foreign shares	14,766,086						
Ma Guobin	13,231,054	RMB ordinary shares	13,231,054						
Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	10,733,452	RMB ordinary shares	10,733,452						
Philip Securities (H.K.) Co., Ltd.	6,296,913	Domestically listed foreign shares	6,296,913						
Securities A/C for Repurchase under the name of Changhong Meiling Co., Ltd.	5,552,151	Domestically listed foreign shares	5,552,151						
Ningbo High-Flyer Quant Investment Management Partnership (Limited Partnership) -High-Flyer Quant Qingxi No.5 Private Equity Investment Fund	4,678,131	RMB ordinary shares	4,678,131						

Gu Jie	4,285,700	RMB ordinary shares	4,285,700
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Found more in “Particulars about shares held above 5% by shareholders or top 10 shares holding”		
Explanation on top ten common shareholders involving margin business (if applicable)	As of December 31, 2020, among the top 10 common shareholders, Ma Guobin holds 13,000,000 shares of the Company through customer credit trading secured account of Founder Securities Co., Ltd., and 231,054 shares hold through common securities account, thus 13,231,054 shares of the Company are held in total. The shareholder-Gu Jie holds 4,285,700 shares of the Company through customer credit trading secured account of China Merchants 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 the top ten ordinary shareholders of the company and the top 10 ordinary shareholders of unrestricted conditions have made the repurchase transactions as agreed during the reporting period.

Yes No

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

**(ii) Controlling shareholder of the Company**

1. Nature of controlling shareholders: local state-owned holding
2. Type of controlling shareholders: legal person

Controlling shareholders' name	Legal rep./person in charge of unit	Dated founded	Organization code	Main business
Sichuan Changhong Electric Co., Ltd.	Zhao Yong	April 8, 1993	91510700205412308D	Manufactures, sales and maintenance of household appliance, automotive electrical appliance, Electronic products and spare parts, communications equipment, lighting equipment, household products, computer and other Electronic equipment, specialized equipment of Electronic and Electronic, Electronic machinery and equipment, series products of batteries, Electronic medicine products, Electronic equipment, mechanical equipment , Refrigeration equipment and accessories digital monitoring products, metal products, apparatus and instruments, culture and office machines, culture and education and sports products, kitchen cabinet and gas appliance; house and

				equipment rental; packing products and technical services; road transportation; storage and discharging convey; R&D, sales and services of integrated circuit and software; consultancy and services of enterprise management; hi-tech project investment and other state-permitted business; development and operation of property; engineering construction for house and buildings; callback and disposal of obsolete appliance and Electronic products; services of Information Technology; consultancy and services of finance; sales, relevant import and export business of Chemical raw materials and products(Not contain dangerous chemicals), building materials, non-ferrous metal, Steel, plastics, packing material, mechanical and electrical equipment, Precious metals, Automotive components, Electronic components, Value added telecommunication service, agent service of telecommunication; designing, manufacturing, releasing and agency for the advertisement; Radio and television program production; Internet information services (excluding investment, finance and securities); audio and video production and services; R&D and design of the drone and unmanned aerial vehicle system as well as the promotion of drone technology; transfer and technical consulting service, production and sales of drone (any projects that needs permission by the law should subject to the approval by relevant authority )
Equity controlling and jointly of other foreign/domestic listed company by controlling shareholder in reporting period	<p>1. Ended as 31 December 2020, Sichuan Changhong directly holds 212,994,972 shares of Changhong Huayi Compressor Co., Ltd. (Stock code: 000404)- a company listed on the main board of the Shenzhen Stock Exchange, accounting for 30.60% of the equity of Changhong Huayi Compressor Co., Ltd.</p> <p>2. Ended as 31 December 2020, Sichuan Changhong directly and indirectly holds 2,064,236,000 ordinary shares and preferred shares in total of Changhong Jiahua Holdings Co., Ltd. (Stock code: 03991)- a company listed on the main board of Hong Kong Stock Exchange, accounting for 80.30% of the whole ordinary shares and preferred shares under the name of Changhong Jiahua Holdings Co., Ltd.</p>			

3. Controlling shareholder changes in reporting period

Applicable  Not applicable

Controlling shareholder stays the same in Period.

**(iii) Actual controller of the Company and its person acting in concert**

1. Nature of actual controller: local state-owned assets management

2. Type of actual controller: legal person

Actual controller	Legal rep./person in charge of unit	Dated founded	Organization code	Main business
State-owned Assets Supervision & Administration Commission of Mianyang Municipality	--	--	--	State-owned Assets Supervision & Administration Commission of Mianyang Municipality is entrusted by the same level government, together performs decision-making and management of state-owned asset owners, and is one

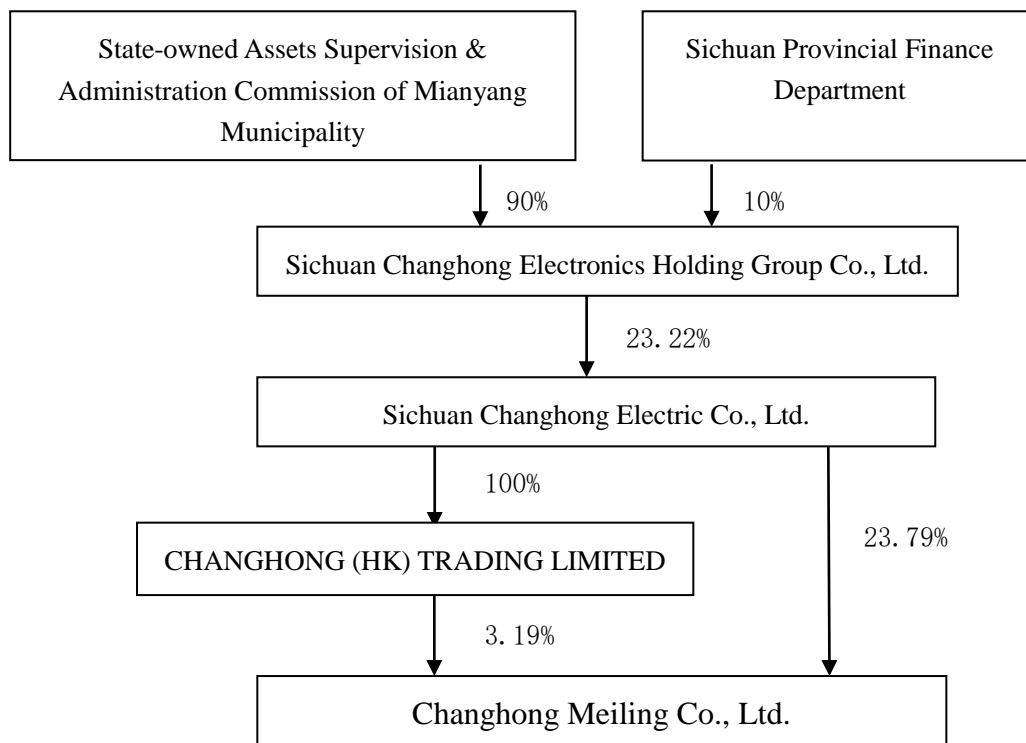
				organization which executes comprehensive management and supervision on its belonged state-owned assets.
Equity controlling of other foreign/domestic listed company by actual controller in reporting period	Not applicable			

3. Changes of actual controller in Period

Applicable  Not applicable

Actual controller stays the same in Period

4. Property rights and the block diagram of the control relationship between the Company and the actual control (ended as 31<sup>st</sup> December 2020)



5. Actual controller controlling the Company by means of entrust or other assets management

Applicable  Not applicable

**(iv) Other legal person’s shareholders with over ten percent shares held**

Applicable  Not applicable

**(v) Limitation and reducing the holdings of shares of controlling shareholders, actual controllers, restructuring side and other commitment subjects**

Applicable  Not applicable

## Section VII. Preferred Stock

Applicable     Not applicable

The Company had no preferred stock in the reporting.

## Section VIII. Convertible Bonds

Applicable     Not applicable

The Company had no convertible bonds in the Period

## Section IX. Particular about Directors, Supervisors, Senior Executives and Employees

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

Name	Title	Post status	Sex	Age	Office dated from	Office dated ended	Shares held at period-begin (Share)	Amount of shares increase in this period (Share)	Amount of shares decreased in this period (Share)	Other changes (share)	Shares held at period-end (Share)
Wu Dinggang	Chairman	Currently in office	M	48	July 3, 2014	October 12, 2023	570,500	0	0	0	570,500
Zhong Ming	Director, President	Currently in office	M	48	December 30, 2013	October 12, 2023	236,175	0	0	0	236,175
Yong Fengshan	Director	Currently in office	M	52	September 12, 2017	October 12, 2023	0	0	0	0	0
Kou Huameng	Director, Deputy president	Currently in office	M	51	July 3, 2014	October 12, 2023	0	0	0	0	0
Hu Zhaogui	Director, Deputy president	Currently in office	M	47	June 21, 2018	October 12, 2023	178,050	0	0	0	178,050
Chen Ye	Director	Currently in	M	56	October 12, 2020	October 12, 2023	0	0	0	0	0



		office									
Hong Yuanjia	Independent director	Currently in office	M	45	October 12, 2020	October 12, 2023	0	0	0	0	0
Mou Wen	Independent director	Currently in office	F	54	October 12, 2020	October 12, 2023	0	0	0	0	0
Zhao Gang	Independent director	Currently in office	M	42	October 12, 2020	October 12, 2023	0	0	0	0	0
Shi Qiang	Director	Office leaving	M	52	September 12, 2017	October 12, 2020	0	0	0	0	0
Gan Shengdao	Independent director	Office leaving	M	54	July 3, 2014	October 12, 2020	0	0	0	0	0
Ren Jia	Independent director	Office leaving	M	57	July 3, 2014	October 12, 2020	0	0	0	0	0
Lu Yingjin	Independent director	Office leaving	M	56	July 3, 2014	October 12, 2020	0	0	0	0	0
Shao Min	Chairman of Supervisory	Currently in office	M	38	September 12, 2017	October 12, 2023	0	0	0	0	0
He Xintan	Supervisor	Currently in office	M	40	September 12, 2017	October 12, 2023	0	0	0	0	0

Huang Hong	Supervisor	Currently in office	F	50	September 12, 2017	October 12, 2023	0	0	0	0	0
Ji Ge	Staff supervisor	Currently in office	F	39	December 25, 2017	October 12, 2023	0	0	0	0	0
Zhu Wenjie	Staff supervisor	Currently in office	M	33	April 8, 2015	October 12, 2023	0	0	0	0	0
Liu Hongwei	Executive deputy president	Currently in office	M	57	June 20, 2011	October 12, 2023	1,689,893	0	0	0	1,689,893
Huang Danian	Deputy president	Currently in office	M	51	September 12, 2017	October 12, 2023	356,450	0	0	0	356,450
Pang Haitao	CFO (person in charge of finance)	Currently in office	M	45	December 25, 2017	October 12, 2023	0	0	0	0	0
Li Xia	Secretary of the Board	Currently in office	F	40	May 22, 2009	October 12, 2023	552,800	0	0	0	552,800
Total	--	--	--	--	--	--	<b>3,583,868</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,583,868</b>

**II. Changes of directors, supervisors and senior executives**

√ Applicable    □ Not applicable

Name	Title	Type	Date	Reasons
Wu Dinggang	Chairman	Be elected	October 12, 2020	Approved by Fourth Extraordinary General Meeting of Shareholders of 2020, Mr. Wu Dinggang was elected as the non-independent director of the 10 <sup>th</sup> BOD; Approved by 1 <sup>st</sup> session of 10 <sup>th</sup> BOD, Mr. Wu Dinggang was elected as the chairman of the 10 <sup>th</sup> BOD with service term same as the 10 <sup>th</sup> BOD
Zhong Ming	Director	Be elected	October 12, 2020	Approved by Fourth Extraordinary General Meeting of Shareholders of 2020, Mr. Wu Zhong Ming was elected as the non-independent director of the 10 <sup>th</sup> BOD with service term same as the 10 <sup>th</sup> BOD
	Deputy president	Appointment	October 12, 2020	Approved by 1 <sup>st</sup> session of 10 <sup>th</sup> BOD, Mr. Zhong Ming was elected as the deputy president of the 10 <sup>th</sup> BOD with service term same as the 10 <sup>th</sup> BOD
	President	Appointment	December 11, 2020	Approved by 4 <sup>th</sup> session of 10 <sup>th</sup> BOD, Mr. Zhong Ming was elected as the president of the 10 <sup>th</sup> BOD with service term same as the 10 <sup>th</sup> BOD
Yong Fengshan	Director	Be elected	October 12, 2020	Approved by Fourth Extraordinary General Meeting of Shareholders of 2020, Mr. Yong Fengshan was elected as the non-independent director of the 10 <sup>th</sup> BOD with service term same as the 10 <sup>th</sup> BOD
Kou Huameng	Director	Be elected	October 12, 2020	Approved by Fourth Extraordinary General Meeting of Shareholders of 2020, Mr. Kou Huameng was elected as the non-independent director of the 10 <sup>th</sup> BOD with service term same as the 10 <sup>th</sup> BOD
	Deputy president	Appointment	October 12, 2020	Approved by 1 <sup>st</sup> session of 10 <sup>th</sup> BOD, Mr. Kou Huameng was elected as the deputy president, at the same time acting as president, with service term same as the 10 <sup>th</sup> BOD. Approved by 4 <sup>th</sup> session of 10 <sup>th</sup> BOD, Mr. Zhong Ming was elected as the president, Mr. Kou Huameng no longer acts as the president.
Hu Zhaogui	Director	Be elected	October 12, 2020	Approved by Fourth Extraordinary General Meeting of Shareholders of 2020, Mr. Hu Zhaogui was elected as the non-independent director of the 10 <sup>th</sup> BOD with service term same as the 10 <sup>th</sup> BOD
	Deputy president	Appointment	October 12, 2020	Approved by 1 <sup>st</sup> session of 10 <sup>th</sup> BOD, Mr. Hu Zhaogui was elected as the deputy president, with service term same as the 10 <sup>th</sup> BOD
Chen Ye	Director	Be elected	October 12, 2020	Approved by Fourth Extraordinary General Meeting of Shareholders of 2020, Mr. Chen Ye was elected as the non-independent director of the 10 <sup>th</sup> BOD with service term same as the 10 <sup>th</sup> BOD
Hong Yuanjia	Independent director	Be elected	October 12, 2020	Approved by Fourth Extraordinary General Meeting of Shareholders of 2020, Mr. Hong Yuanjia was elected as the independent director of the 10 <sup>th</sup> BOD with service term same as the 10 <sup>th</sup> BOD
Mou Wen	Independent	Be elected	October 12, 2020	Approved by Fourth Extraordinary General Meeting of Shareholders of

	director			2020, Ms. Mou Wen was elected as the independent director of the 10 <sup>th</sup> BOD with service term same as the 10 <sup>th</sup> BOD
Zhao Gang	Independent director	Be elected	October 12, 2020	Approved by Fourth Extraordinary General Meeting of Shareholders of 2020, Mr. Zhao Gang was elected as the independent director of the 10 <sup>th</sup> BOD with service term same as the 10 <sup>th</sup> BOD
Shi Qiang	Director	Resign after term of office	October 12, 2020	The company's board of directors is re-elected and resigns after the term expires.
Gan Sheng dao	Independent director	Resign after term of office	October 12, 2020	The company's board of directors is re-elected and resigns after the term expires.
Ren Jia	Independent director	Resign after term of office	October 12, 2020	The company's board of directors is re-elected and resigns after the term expires.
Lu Yingjin	Independent director	Resign after term of office	October 12, 2020	The company's board of directors is re-elected and resigns after the term expires.
Shao Min	Chairman of Supervisory	Be elected	October 12, 2020	Approved by Fourth Extraordinary General Meeting of Shareholders of 2020, Mr. Shao Min was elected as the Supervisory of the 10 <sup>th</sup> Board of Supervisors; Approved by 1 <sup>st</sup> session of 10 <sup>th</sup> Board of Supervisors, Mr. Shao Min was elected as the Chairman of Supervisory of the 10 <sup>th</sup> Board of Supervisors with service term same as the 10 <sup>th</sup> Board of Supervisors
He Xintan	Supervisor	Be elected	October 12, 2020	Approved by Fourth Extraordinary General Meeting of Shareholders of 2020, Mr. He Xintan was elected as the Supervisor of the 10 <sup>th</sup> Board of Supervisors with service term same as the 10 <sup>th</sup> Board of Supervisors
Huang Hong	Supervisor	Be elected	October 12, 2020	Approved by Fourth Extraordinary General Meeting of Shareholders of 2020, Ms. Huang Hong was elected as the Supervisor of the 10 <sup>th</sup> Board of Supervisors with service term same as the 10 <sup>th</sup> Board of Supervisors
Ji Ge	Staff supervisor	Be elected	September 9, 2020	After democratic election by 4 <sup>th</sup> session of the 8 <sup>th</sup> employee representative meeting, Ms. Ji Ge was elected as the employee supervisor of the 10 <sup>th</sup> board of supervisors.
Zhu Wenjie	Staff supervisor	Be elected	September 9, 2020	After democratic election by 4 <sup>th</sup> session of the 8 <sup>th</sup> employee representative meeting, Mr. Zhu Wenjie was elected as the employee supervisor of the 10 <sup>th</sup> board of supervisors.
Liu Hongwei	Executive deputy president	Appointment	October 12, 2020	Approved by 1 <sup>st</sup> session of 10 <sup>th</sup> BOD, Mr. Liu Hongwei was appointed as the executive deputy president, with service term same as the 10 <sup>th</sup> BOD
Huang Danian	Deputy president	Appointment	October 12, 2020	Approved by 1 <sup>st</sup> session of 10 <sup>th</sup> BOD, Mr. Huang Danian was appointed as the deputy president, with service term same as the 10 <sup>th</sup> BOD
Pang Haitao	CFO (person in charge of finance)	Appointment	October 12, 2020	Approved by 1 <sup>st</sup> session of 10 <sup>th</sup> BOD, Mr. Pang Haitao was appointed as the CFO (person in charge of finance), with service term same as the 10 <sup>th</sup> BOD
Li Xia	Secretary of the Board	Appointment	October 12, 2020	Approved by 1 <sup>st</sup> session of 10 <sup>th</sup> BOD, Ms. Li Xia was appointed as the secretary of the Board, with service term same as the 10 <sup>th</sup> BOD

### III. Post-holding

#### (i) Professional background, major working experience and present main responsibilities in Company of directors, supervisors and senior executive at the present

1. Wu Dinggang, male, the Han nationality from Suining, Sichuan Province, was born in March 1973, Member of CPC, owns bachelor degree, graduate from Tianjin University of Commerce China (Tianjin University of Commerce now), major in refrigeration equipment and cryogenic technique. He served successively as GM of Suining Sale Branch and Chengdu Sales Branch of Sichuan Changhong Electric Co., LTD, director of Sichuan and Chongqing Marketing Management Department of Sichuan Changhong Electric Co., LTD, deputy GM of Changhong Electronics (China) Marketing Co., GM of market planning center of Changhong Multimedia Industry, director and GM of Le-Jia-Yi Chain Management Co., Ltd., Zhongke Meiling Cryogenic Technology Co., Ltd. director and GM of Sichuan Changong Air Conditioner Co., Ltd and deputy president, president, deputy chairman and Party Secretary of the Company. Currently he serves as director, vice GM of Sichuan Changhong Electric Co., Ltd., chairman of the Company; Chairman of Zhongshan Changhong Electric Co., LTD; Chairman of Sichuan Changhong Air-conditioner Co., Ltd. and Chairman of Zhongke Meiling Cryogenic Technology Co., Ltd.

2. Zhong Ming, male, the Han nationality from Meishan, Sichuan Province, was born in November 1972, member of CPC, a senior engineer, doctoral degree, EMBA degree from University of Science and Technology of China, PhD degree in Engineering Thermophysics. He successively served as deputy director of research institution of Sichuan Changhong Air-conditioner Co., Ltd., deputy GM of Sichuan Changhong Air-conditioner Co., Ltd. and technical director of household appliance group of Sichuan Changhong Electric Co., LTD. He serves as director President and Party Secretary of the Company currently and Chairman of Hefei Meiling Wulian Technology Co., Ltd.

3. Yong Fengshan, male, Han nationality, was born in Dingyuan, Anhui in June 1968, a member of the Communist Party of China, a senior accountant, and a master degree holder. He ever took the posts of the director of finance department of Hefei Cable Factory, the director of finance division and the deputy chief accountant of Hefei Meiling Co., Ltd., the director of Hefei Department Store Co., Ltd., the deputy general manager and chief accountant of Hefei Meiling Group Holding Co., Ltd., the secretary of the party committee and the president of Hefei Industrial Investment Holdings Co., Ltd., the president of CAS (Hefei) Institute of Technology Innovation Co., Ltd., the vice president of Whirlpool (China) Co., Ltd., the president of Hefei Venture Capital Guidance Fund Co., Ltd. , and the director of the Company.

4. Kou Huameng, male, the Han nationality from Yanting, Sichuan Province, was born in February 1970, Member of CPC, master degree candidate, EMBA graduate from UESTC. He served successively as deputy director of production office of Sichuan Changhong Electric Co., LTD, director of Guangxi Marketing management Committee, director of Fujian-Jiangxi Marketing Management, General Manager of Changhong Audiovisual Company and director and GM of Guangdong Changhong Digital Technology Co., Ltd.; Sichuan Changhong Electric Co., Ltd, director of development management department of Sichuan Changhong Electric Co., Ltd., and

director of Changhong Huayi Compressor Co., Ltd.; now he serves as director and deputy president of the Company.

5. Hu Zhaogui, male, the Han nationality, born in Feixi Hefei in October 1974, a member of the Communist Party of China, holds a master's degree, graduated from Chongqing University as a master of business administration. He has served successively as the head of marketing and sales department stationed abroad of Hefei Meiling Co., Ltd., assistant president and general manager of the freezer and washing machine business division, and general manager of the domestic marketing division. He is currently the director and vice president of the Company and the general manager of Sichuan Changhong Air Conditioner Co., Ltd., a subsidiary of the Company.

6. Chen Ye, male, Han nationality, born in November 1963, Changzhou, Jiangsu, senior engineer, holds a master degree, graduated from HKUST Business School with a master's degree in business administration. He once served as an engineer of the 46 physical and chemical analysis center of the electronics department, the deputy general manager of Tianjin Xinxing Electronics Co., Ltd., the chairman and president of Sichuan Top Software Co., Ltd., the general manager of Beijing Hongli Nike Technology Co., Ltd., and the manager of the planning technology department of Sichuan Changhong Electric Co., Ltd. Minister and other positions. He is currently the deputy director of the Asset Management Department of Sichuan Changhong Electric Co., Ltd., the general manager of Sichuan Changhong Innovation Investment Co., Ltd., the general manager of Chengdu Changhong Technology Co., Ltd., and the director of the Company.

7. Hong Yuanjia, male, Han nationality, born in February 1975, Shantou, Guangdong, holds a master degree, graduated from Shanghai University of Finance and Economics majoring in international business management, and is Fudan University MPAcc (Master of Accounting), CPA, International Accountant (AIA), intermediate accountant, and intermediate economist. He once served as the foreign currency payable supervisor and investment supervisor of China Eastern Airlines Co., Ltd., the deputy manager of the financial department of the Shanghai Representative Office of Sancheng Hongji (Hong Kong) Co., Ltd., the accounting manager of General Electric Lighting Co., Ltd., the accounting manager of General Electric Industrial Supply Co., Ltd., and Chief Financial Officer of Lingji Electronics (General Electrical Industry System Power Supply). He is currently the Chief Financial Officer of Asia Pacific Region of Yiluo Technology (Shanghai) Co., Ltd. and an independent director of the Company.

8. Mou Wen, female, Han nationality, born in September 1965, Hengshan, Hunan, holds a master's degree, an accountant, and holds a master's degree in business management from Sichuan University. She previously served as a lecturer in the School of Business Administration of Sichuan University, an Associate Professor of Accounting in the School of Business Administration of Sichuan University, an independent director of Tibet Mineral Development Co., Ltd., Sichuan Jinlu Group Co., Ltd., Huayi Compressor Co., Ltd., Jinhui Liquor Co., Ltd., Sichuan Teway Food Co., Ltd., and Hebei Baoli Engineering Equipment Group Co., Ltd., a member of Investment Decision Advisory Committee of Sichuan Chuanjiao Road and Bridge Co., Ltd., and financial consultant of Sichuan Daka Electric Co., Ltd., etc. She is currently Associate Professor and Master Supervisor of Business School of Sichuan University, and an independent director of Chengdu Guibao Science and Technology Co., Ltd., Mianyang Fulin Precision Machinery Co., Ltd., Sichuan Joyou Digital Technology Co., Ltd., Tibet

Mineral Development Co., Ltd., and an independent director of the Company.

9. Zhao Gang, male, Han nationality, born in April 1977, Peixian, Jiangsu Province, is a member of the Communist Party of China, holds a doctoral degree, graduated from the University of Science and Technology of China majoring in power engineering and thermophysics. He once served as a post doctorate and an associate professor in the Department of Mechanics and Mechanical Engineering of the University of Science and Technology of China, a professor of orbital systems in the Department of Electronic Science and Technology, a special researcher for foreigners in the Japan Society for the Promotion of Science, School of Engineering, Kyushu University, Japan, and a senior research scholar in the Department of Mechanical Engineering at the University of Washington. He is currently the executive director, professor and doctoral supervisor of the Department of Electronic Science and Technology of the University of Science and Technology of China, the deputy director of the Anhui Life Resources Conservation and Artificial Organ Engineering Technology Research Center, a part-time professor of the Department of Mechanical Engineering of the University of Washington, and an independent director of the Company.

10. Shi Qiang, male, Han nationality, was born in July 1968, a member of the Communist Party of China, earned a bachelor's degree in underwater sound electronic engineering from Southeast University, and is an engineer. He successively served as the office secretary of Changhong Company, director of quality management division, the director of goods and material department, liaison office of overseas marketing, the director of asset management department, deputy minister, minister, director of the office of the board of directors; Director of Sichuan Changhong New Energy Technology Co., Ltd.; Director of Sichuan Changhong Power Source Co., Ltd.; Director of Changhong Meiling Co., Ltd. He has ceased to serve as a director of the company since the expiration of his term on October 12, 2020.

11. Gan Shengdao, male, the Han nationality from Tianchang, Anhui Province, was born in March 1967, member of China Democratic National Construction Association, member of the Central Committee of the China Democratic National Construction Association, new century outstanding talent of the Ministry of Education, a doctoral candidate and Doctor of Economic. He served successively as teaching assistant, lecturer and associate professor in Department of National Economic Management of Sichuan University, the associate professor and professor in Department of Business Administration of Sichuan University, professor, doctoral supervisor, and post-doctoral co-supervisor of Business School of Sichuan University. An independent director of Liangshan Rural Commercial Bank Co., Ltd., an independent director of Chengdu Rainbow Electric (Group) Co., Ltd., an independent director of Yibin Wuliangye Co., Ltd., an independent director of Sinoseal Holding Co.Ltd., an independent director of Sichuan Yahua Industrial Group Co., Ltd., and an independent director of the Company. He has ceased to serve as an independent director of the company since the expiration of his term on October 12, 2020.

12. Ren Jia, male, Han nationality, was born in Nantong, Jiangsu in July 1963, a master degree holder, and graduated from the Department of Materials Science and Engineering of Tsinghua University. He ever took the posts of the assistant general manager of Beijing Building Materials Imp. & Exp. Co., Ltd., the department deputy manager of Jiangsu Overseas Group Co., Ltd., the department deputy manager and assistant general manager of

Jiangsu Economic and Trade Corporation, the general manager of Import and Export Company of Zhejiang Xiangyang Group, the director and general manager of Nanjing Shenlu Textile & Apparel Co., Ltd., the deputy general manager of Guangzhou Anyka Microelectronics Co., Ltd., the deputy general manager of Shanghai Multimedia Valley Investment Co., Ltd., independent director of Kingnet Co., Ltd., the partner of Shanghai Heda Enterprise Management Partnership (limited partnership), vice president of SIMIC Group Co., Ltd., and independent director of Changhong Meiling Co., Ltd. He has ceased to serve as an independent director of the company since the expiration of his term on October 12, 2020.

13. Lu Yingjin, male, the Han nationality, was born in October 1964, Member of CPC, a doctoral candidate, Doctor of Management Science and Engineering of the UESTC. He served successively as Assistant Engineer of Shenli Field Drilling Technical Company, lecturer of Staff Education and Training Center of South-West Petroleum Bureau, and independent director of Changhong Meiling Co., Ltd. He teaches in UESTC since 2002. And he has been a visiting scholar in the department of computer science at the University of Kentucky in the United States. He has ceased to serve as an independent director of the company since the expiration of his term on October 12, 2020.

14. Shao Min, male, Han nationality, was born in Linyi, Shandong in March 1983, and earned a bachelor's degree in accounting major from Xi'an Jiaotong University. He joined in work in July 2004, and ever served as the finance manager of the branch office of Sichuan Changhong Electric Co., Ltd., the financial director of finance department, the project manager of asset management department, the director of asset management department, and the director of asset operation department of Sichuan Changhong Electric Co., Ltd. He currently serves as the deputy director of asset management department of Sichuan Changhong Electric Co., Ltd., director of Changhong Huayi Compressor Co., Ltd., and the chairman of the Board of Supervisors of the Company.

15. He Xintan, male, Han nationality, was born in Xiayi, Henan in April 1980, a member of the Communist Party of China, an economist, and earned a master's degree in management science and engineering from Xi'an Jiaotong University. He joined in work in July 2002, and successively took the posts of the operations management director of operation management department and the manager of general management office of Sichuan Changhong Electric Co., Ltd. Currently he serves as the deputy director of development and management department of Sichuan Changhong Electric Co., Ltd., and a director of Changhong Huayi Compressor Co., Ltd., and a supervisor of the Company.

16. Huang Hong, female, Han nationality, was born in Shehong, Sichuan in June 1970, a member of the Communist Party of China, a master degree holder, graduated from the University of Glasgow as a MBA, and a senior auditor. She joined in work in July 1992, and ever served as the financial director of finance department, the audit manager, marketing audit director, and audit chief of auditing department of Sichuan Changhong Electric Co., Ltd. He currently serves as the deputy director of auditing department and the deputy director of labor union audit committee of Sichuan Changhong Electric Co., Ltd., and a supervisor of the Company.

17. Ji Ge, female, Han nationality, was born in Nanyang, Henan Province in January 1982, a member of the Communist Party of China, and earned a bachelor's degree in law from Hunan University and a master's degree



from Anhui University. She joined Hefei Meiling Co., Ltd. in July 2005 and once served as the legal specialist of legal department, the sponsor of legal affairs, and the intellectual property director of the legal department of the Company. She currently serves as staff supervisor of the Company, the director of the legal department of the Company, director of office of Party Committee, member of commission for Discipline Inspection, and director of Discipline Inspection office

18. Zhu Wenjie, male, the Han nationality from Hefei, Anhui Province, member of Communist Party of China, born in January 1988, a master degree, graduated from University of science and technology of China as a MBA. He started to work in Hefei Meiling Co., Ltd. in July 2010 after graduation, served as an accountant for big customer accounting in financial management department of Hefei Meiling Co., Ltd., securities affairs assistant at the office of secretary of the board, and director of securities affairs, and currently serves as the representative of the Company's securities affairs, director of securities affairs at the office of secretary of the board, and staff supervisor of the Company.

19. Liu Hongwei, Male, Chinese American, born in May 1963, Doctor of Applied Mechanics from Lehigh University, graduate from department of mechanical engineering, Tsinghua University. He served successively in Kulicke and Soffa Industries, Pennsylvania; Tessera Technology Corporation, California; serves technical and management post in Intel Corporation in Silicon Valley. He joins the Hefei Meiling Co., Ltd. in 2007, now he serves as executive deputy president of the Company.

20. Huang Danian, male, Han nationality, was born in Huaining, Anhui in November 1969, a member of the Communist Party of China, an engineer, and a master degree holder. He once served as the logistics director and the deputy general manager, the director of the human resources department, the director of the comprehensive planning department, the director of the enterprise management department, and the assistant to the general manager of Sales Company of Hefei Meiling Co., Ltd. He is now the vice president of Hefei Meiling Co., Ltd.

21. Pang Haitao, male, Han nationality, was born in Qionghai, Hainan in May 1975, a member of the Communist Party of China, a senior accountant, a senior political engineer, and a bachelor degree holder, and earned the EMBA degree from Jiangxi University of Finance and Economics. He used to be a member of the finance department, the director of related transactions and the director of capital operations of Sichuan Changhong Electric Co., Ltd., the chief of finance office of Guangdong Changhong Electronics Co., Ltd., the director of general ledger, the head of general management office, and the head of general ledger management office of the finance department of Sichuan Changhong Electric Co., Ltd., the deputy general manager and chief financial officer of Sichuan Changhong Development Co., Ltd., the deputy general manager and chief accountant of Huayi Compressor Co., Ltd. Currently he is the chief financial officer (person in charge of finance) of the Company.

22. Li Xia, female, the Han nationality from Qionglai, Sichuan Province, was born in October 1980, Member of CPC and Intermediate Accountant with Master Degree. She graduated from Accounting Department of Sichuan University Business and Management School. She ever was Project Manager in Financing & Acquisition Office of Asset Management Department and Business Executive in Board Office of Sichuan Changhong Electronic Co., Ltd. she took the posts of Deputy GM and Financial Supervisor of Sichuan Changhong Innovation Investment Co.,

Ltd., and chairman of supervisory committee of Zhongke Meiling Cryogenic Technology Co., Ltd. She is the Secretary of the Board, deputy secretary of the Party and secretary of discipline inspection commission of the Company recently.

**(ii) Post-holding in shareholder's unit**

√ Applicable    □ Not applicable

Name	Shareholder's unit	Title	Start date of office term	End date of office term	Drawing remuneration and allowance from shareholder's unit (Y/N)
Wu Dinggang	Sichuan Changhong Electric Co., Ltd.	Director	2020.06.30	2023.06.29	N
		Deputy GM	2019.01.12	2023.06.29	Y
Yong Fengshan	Hefei Industry Investment Holding (Group) Co., Ltd.	Party Secretary, Chairman	2015.02.13	-	Y
Chen Ye	Sichuan Changhong Electric Co., Ltd.	Deputy director of assets management department	2020.07	-	Y
Shao Min	Sichuan Changhong Electric Co., Ltd.	Director of assets management department	2019.02.01	-	Y
He Xintan	Sichuan Changhong Electric Co., Ltd.	Director of development and management department	2019.02.01	-	Y
Huang Hong	Sichuan Changhong Electronics Holding Group Co., Ltd.	Deputy director of auditing department	2011.09.16	-	Y
Post-holding in shareholder's unit		N/A			

**(iii) Post-holding in other unit**

√ Applicable    □ Not applicable

Name	Other unit	Title	Start date of office term	End date of office term	Drawing remuneration and allowance from other unit (Y/N)
Wu Dinggang	Sichuan Zhiyijia Network Technology Co., Ltd.	Director	2015.01	-	N
	Zhongshan Changhong Electric Co., Ltd.	Chairman	2015.11.26	-	N
	Sichuan Changhong Air Conditioning Co., Ltd.	Chairman	2017.09.11	-	N
	Zhongke Meiling Cryogenic Technology Co.,	Chairman	2017.08.21	2021.08.26	N

	Ltd.				
	Lejiayi Chain Management Co., Ltd.	Chairman	2019.04.25	-	N
	Sichuan Kuaiyidian Electrical Service Chain Co., Ltd.	Chairman	2019.06.10	-	N
Yong Fengshan	Whirlpool (China) Co., Ltd.	Director	2015.05.18	2022.09.18	N
		Vice Chairman	2015.07.10		N
	Hefei Venture Capital Guidance Fund Co., Ltd.	Chairman	2015.04.17	-	N
	CAS (Hefei) Technical Innovation Engineering Institute Co., Ltd.	Chairman	2015.04.17	-	N
	Hefei State-owned Assets Holding Co., Ltd.	Chairman	2015.04	-	N
	Hefei Industry Investment Holding Co., Ltd.	Chairman, GM	2014.09	-	N
	Anhui Integrated Circuit Industry Capital Co., Ltd.	Chairman	2017.05	-	N
	Jianghuai Automobile Co., Ltd.	Director	2018.07.20	2021.07.19	N
	Industrial Investment (HK) Ltd	Director	2017.04	-	N
	Hefei Smart Energy Innovation Platform Co., Ltd.	Director	2017.06	-	N
Kou Huameng	Changhong Huayi Compressor Co., Ltd.	Director	2015.04.16	2020.12.22	N
Hu Zhaogui	Lejiayi Chain Management Co., Ltd.	Director	2018.01.23	-	N
	Sichuan Zhiyijia Network Technology Co., Ltd.	Director	2019.07.25	-	N
	Hongyuan Ground Energy Heat Tech. Co., Ltd.	Vice Chairman	2017.12.27	-	N
	Sichuan Tianyou Guigu Technology Co., Ltd.	Director	2018.01.16	-	N
	Chengdu Guigu Environmental Tech. Co., Ltd.	Director	2018.06.30	-	N
Chen Ye	Sichuan Changhong Innovation Investment Co., Ltd.	GM	2017.02.21	-	N
	Chengdu Changhong Technology Co., Ltd.	GM	2019.10	-	N
Shao Min	Changhong Huayi Compressor Co., Ltd.	Director	2021.02.25	2021.05.17	N
Hong Yuanjia	Yiluo Technology (Shanghai) Co., Ltd.	Chief Financial Officer in Asia Pacific	2014.06	-	Y
Mou Wen	Business School of Sichuan University	Associate professor, master tutor	1995.02	-	Y
	Chengdu Sibao Technology Co., Ltd.	Independent director	2017.05.05	2021.12.07	Y
	Mianyang Fulin Precision Machinery Co., Ltd.	Independent director	2017.06.23	2023.06.30	Y

	Sichuan Junyi Digital Technology Co., Ltd.	Independent director	2019.01.03	2022.01.02	Y
	Tibet Mining Development Co., Ltd.	Independent director	2021.03.09	2024.03.08	Y
Zhao Gang	University of Science and Technology of China	Department Executive Director, Professor, Doctoral Supervisor	2011.04	-	Y
He Xintan	Changhong Huayi Compressor Co., Ltd.	Director	2018.01.05	2021.05.17	N
Pang Haitao	Hefei Xingmei Asset Management Co., Ltd.	Director	2018.02.05	-	N
Post-holding in other unit		N/A			

**(iv) Punishment of securities regulatory authority in recent three years to the company’s current and outgoing directors, supervisors and senior management during the reporting period**

Applicable  Not applicable

**IV. Remuneration of directors, supervisors and senior executives**

**(i) Decision-making, determine basis and actually payment of remuneration for directors, supervisors and senior executives**

1. Procedure for deciding remunerations of directors, supervisors and senior management

Implemented in line with laws, regulations and relevant rules of “Company Law”, “Article of Association” and “Enforcement Regulation of Remuneration and Evaluation Committee of the Board”, including:

(1) Allowance plan of independent directors are implemented after deliberated in the Board and approved in Shareholders’ General Meeting. Other directors and non-staff supervisors except independent directors are received no remuneration from the Company.

(2) Remuneration of senior executives are deliberated and approved by the Board according to remuneration evaluation plan together with opinions of Remuneration and Evaluation Committee.

The remuneration appraisal and payment for directors and senior executive of the Company for Current Year will disclose in the Annual Report after review without objection from Remuneration & Appraisal Committee of the Board and submit to the BOD for Current Year.

2. Bases on which remunerations of directors, supervisors and senior management are decided

The Company conducted the performance examination on the task of directors, supervisors and senior executives according to the HR management policy, wages of directors, supervisors and senior executives are decided by their performance and evaluations check by the Company. All wages are performing by the evaluation results according to the only evaluation standard that carried by the Company.

3. Actual payment of remunerations of directors, supervisors and senior management

Allowance of the independent directors are paid by the standards approved in Annual Shareholders’ General Meeting, other director, who serves as senior executive at the same time, and non-staff supervisors except

independent directors did not received remuneration from the Company; remunerations for senior executives of the Company are paid strictly by the unify remuneration valuation mechanism of the Company.

Directors, supervisors and senior executives of the Company has 18 in total up to 31 December 2020, actually 12 person receiving remuneration from the Company, 2 staff supervisors are received their remuneration by actual positions (non-supervisor post); furthermore, 3 independent directors are received the allowance monthly from the Company; the Company will pay remuneration to senior executives in line with the performance appraisal by monthly, quarterly and annual.

During the reporting period, the Company has established the executive compensation and performance management program for the senior management of 2020 in accordance with the main scope, the responsibilities, the importance of the management positions of the senior management, and the compensation level of other relevant company and position, the program includes but not limited to the company's key performance indicator (KPI) and performance evaluation criteria, procedures and major evaluation system; the major programs and systems of the reward and punishment; review the performance of duties of the company's senior management and conduct the annual performance appraisal.

At the end of Current Year, the Remuneration and Appraisal Committee combined the work report and self-evaluation of the senior management in 2020, followed the performance evaluation criteria and procedures, and evaluated the Key Performance Indicator (KPI) of the senior management in 2020; and other relevant indicators of performance evaluation; proposed the remuneration amount and performance appraisal approach of the senior management based on the job performance evaluation results and the remuneration policy, and reported to the Board for approval.

**(ii) Remuneration for directors, supervisors and senior executives in reporting period**

In 10 thousand Yuan

Name	Title	Sex	Age	Post status	Total remuneration obtained from the Company (before taxes)	Whether remuneration obtained from related party of the Company
Wu Dinggang	Chairman	M	48	Currently in office	0	Y
Zhong Ming	Director, President	M	48	Currently in office	32.05	N
Yong Fengshan	Director	M	52	Currently in office	0	Y
Kou Huameng	Director, Deputy president	M	51	Currently in office	41.19	N
Hu Zhaogui	Director, Deputy president	M	47	Currently in office	43.78	N
Chen Ye	Director	M	56	Currently in office	0	Y
Hong Yuanjia	Independent director	M	45	Currently in office	2.59	N
Mou Wen	Independent director	F	54	Currently in office	2.59	N
Zhao Gang	Independent director	M	42	Currently in office	2.59	N
Shi Qiang	Director	M	52	Office leaving	0	Y

Gan Sheng dao	Independent director	M	54	Office leaving	9.31	N
Ren Jia	Independent director	M	57	Office leaving	9.31	N
Lu Yingjin	Independent director	M	56	Office leaving	9.31	N
Shao Min	Chairman of Supervisory	M	38	Currently in office	0	Y
He Xintan	Supervisor	M	40	Currently in office	0	Y
Huang Hong	Supervisor	F	50	Currently in office	0	Y
Ji Ge	Staff supervisor	F	39	Currently in office	26.50	N
Zhu Wenjie	Staff supervisor	M	33	Currently in office	24.37	N
Liu Hongwei	Executive deputy president	M	57	Currently in office	47.46	N
Huang Danian	Deputy president	M	51	Currently in office	32.70	N
Pang Haitao	CFO (person in charge of finance)	M	45	Currently in office	34.07	N
Li Xia	Secretary of the Board	F	40	Currently in office	29.06	N
Total	--	--	--	--	346.88	--

**(iii) Equity incentive authorized for director, supervisor and senior executive in reporting period**

Applicable  Not applicable

**V. Staff of the Company**

Changhong Meiling Co., Ltd. and its controlling subsidiaries owned on-job employees of 14,907 people in total. There are 89 people in retired are enjoying expenses paid by the Company.

**(i) Numbers, professional structure and education background**

On-job employee in parent company (people)	4,290
On-job employee in main subsidiary (people)	10,617
Total on-job employees (people)	14,907
Current total payroll(people)	14,907
Number of retired employees with expenses paid by the parent company and main subsidiary (people)	89
Professional structure	
Types of professional category	Numbers of professional category (people)
Production staff	8,718
Salesman	3,395
Technician	2,255
Financial staff	192
Administration staff	347
Total	14,907

Education background	
Type of education background	Numbers (people)
High school and below	10,382
Junior college	2,043
Undergraduate	2,319
Master and above	163
Total	14,907

### (ii) Remuneration policy

The Company formulated human resources and compensation policy conducive to sustainable development of enterprise according to the provisions of relevant laws and policies promulgated by the state and to the Company's actual situation.

In order to implement the core values of co-creation and sharing, especially to mobilize the work initiative and enthusiasm of grass-roots employees, based on the overall design idea of “building a small management & control platform, making a refined business platform and a one-line decision-making power”, further decentralization, effectively activate the team. On this basis, further optimize the incentive plan in 2020; perfected management a three-tiered incentive system, i.e. business performance incentives, value mainline incentives, and event incentive, to improve the business unit’s operating efficiency and vitality; promoted the development and application of the entire process performance management system, encouraged employees to develop together with the company, and established a direct link between management and business performance; supervisor-level KPIs were linked with performance pay; implemented mandatory performance rankings for professional positions, and guided managers and employees to make performance contributions to the company’s development.

The company established and optimized a unified evaluation mechanism for job promotion, set up position systems and promotion channels, implemented the point system evaluation criteria and internal job competition mechanism, and incorporated annual evaluation and competition into the normalization, and gradually formed the employment mechanism of “those who want to do a job have a chance, those who can do a job have a platform, and those who get things done have a status”. At the same time, the company shaped the corporate culture by providing various holidays, allowances, condolences, and organizing a variety of leisure activities, sports culture festival, carnivals, etc. so as to improve the employee satisfaction.

### (iii) Training plans

Training plan: The Company has established the *Human Resources Strategic Layout, Staff Training Management Program, Credit Management Method, Annual Talent Development & Training Plan* and other systems and standard work flows, set up the staff capacity model, built the knowledge assets management system of Changhong Meiling and gradually established the growth mechanism by combining the training with the individual employee development, and combining the qualification promotion with the career development.

1. The mechanism for the selection, education and use of reserve talents gradually presented. In 2020, the Company established a clear evaluation model for talent standards, on the basis of completing the construction of the personnel standard for management and executive level, the talent standards for various professional positions have been established; Focused on advancing the project for talent construction, and optimized the high-level talent development echelons such as reserve leaders, reserve cadres, reserve leaders, and outstanding university students, and so on; establish succession maps for each sequence of talents, and clarify the ability status of existing talent teams and future talent succession systems.
2. Talent cultivation is more effective in supporting the development of the company. In order to effectively support the company's business policy of "product leadership, marketing transformation, efficiency improvement, team activation", the company released the Human Resources Strategic Plan of Changhong Meiling, on the one hand, improve the training enthusiasm and development capabilities of R & D personnel through the project points-based system, industry exchanges and other activities, on the other hand, aim at the shortcomings of team and personal ability, and promote accurate training programs, focus on actual working scenes, targeted at the core talent-oriented push courses, and the training effect gradually appears and the number of talents gradually increases.
3. In-depth construction of internal knowledge asset management system, including the two major contents, i.e. construction of "Meiling School" and "Star here" live broadcast. On the one hand, improve the online knowledge asset management system "Meiling School", comprehensively started and advanced the talent knowledge asset bank of "Technical School, Management School, Manufacturing School, and Quality School"; on the other hand, sorted out, on the basis of "internal trainer certification system" and "bench-marking post knowledge extraction project", launched a new series of live courses, internalize the standardized talent knowledge base and carry out inheritance and influence.

**(iv) Labor outsourcing**

Applicable     Not applicable



## Section X. Corporate Governance

### I. Corporate governance of the Company

#### (i) Overview of the corporate governance

In strict compliance with the Company Law, Securities Law, Governance Principles of Listed Company issued by the CSRC, the Rules Governing the Listing of Securities on Shenzhen Stock Exchange, and Guidelines for Standardized Operation of Listed Companies, the Company continued to construct and perfect its governance structure, thereby forming its decision-making, supervision and operation management organization with general meeting, the board of directors, the board of supervisors and operation management as the major structure. The general meeting, board of directors, board of supervisors and operation management of the Company has definite terms of reference, which can ensure an effective balance, scientific decision-making process and coordinative operation, laying firm foundation for making decisions relating to the Company's continuous, steady and healthy development.

During the reporting period, the actual situation of corporate governance has been in line with the requirements of relevant state laws and regulations, and regulatory documents relevant to governance of listed companies issued by China Securities Regulatory Commission and Shenzhen Stock Exchange.

#### 1. Shareholders and general meeting

The Company standardized the procedures concerning convening, holding and voting of general meeting in strict compliance with the Articles of Association and Rules of Procedure of General Meeting. All shareholders, especially the minority shareholders, were equally treated to ensure all shareholders shall rank equal status and can fully exercise their right. During the reporting period, the Company convened shareholders general meetings. In addition to convening general meeting in forms of site conference, the Company offered convenience for shareholders to present general meeting via network voting which was safe, economic and convenient. At the same time, all the matters submitted to the Company's general meeting of shareholders should count the votes of the small and medium investors separately, and the results of the vote count should be disclosed timely so as to effectively protect the rights and interests of small and medium investors and ensure that all shareholders, especially the small and medium shareholders, fully exercise their rights.

#### 2. The Company and controlling shareholders

The Company has independent business and independent management capability. The Company and its controlling shareholders owe independent business, personnel, assets, organs and finance. During the period, controlling shareholder abide by requirement of Article of Association and Management System of Related Transactions, strictly regulate their behaviors, and no controlling shareholder has directly or indirectly intervened in the Company's policy-making and business activities beyond the general meeting of stockholders, no capital or

assets of the Company occupied by controlling shareholder and its affiliates either.

### 3. The directors and board of directors

Board Meeting are revoke and open in line with the regulation of Company Law and Article of Association strictly, voting and information disclosure procedures appliance with relevant rules.

During the reporting period, the company successfully completed the election of the tenth board of directors. The company's tenth board of directors has nine directors, of which three are independent directors, accounting for one third of all directors. The number and staff composition of the board of directors meet the requirements of laws and regulations and the "Articles of Association". All directors of the Company carry out work according to "Rules of Procedure of the Board" and "Independent Director System", seriously attend the board of directors and shareholders' meeting, exercise obligations by the law and faithfully perform their duties vigorously, positively participate in trainings of related knowledge open by Shenzhen Stock Exchange and Securities Bureau, and get familiar with related laws and regulations. Independent directors follow close to the line of Instruction of Setting Up Independent Directors System in Listed Companies and Independent Director System, take an active part in decision-making of the Company and present a prior approval and independent opinions for related transactions and major events, bring out the functions of independent directors.

In the Period, Board of the Company setting up four special committees including strategy, remuneration and appraisal, audit and nomination, each special committee respectively undertakes the functions of discussion, policy making, supervision and assessment according to the relevant working instruction, and plays important role in improving the scientific decision-making, decision-making efficiency and quality for the Board.

### 4. Supervisors and board of supervisors

The Company convened and held meeting of supervisors in strict compliance with the Company Law and Articles of Association, and the voting and information disclosure procedures of supervisors' meeting complied with relevant requirements.

During the reporting period, the company successfully completed the election of the 10th board of supervisors. The company's tenth board of supervisors has five supervisors, including two employee supervisors. The number and staff composition of the board of supervisors comply with the requirements of laws and regulations. Our supervisors can carefully performed their duties including presenting at general meeting and meeting of the board of directors in accordance to the Rules of Procedures of Board of Supervisors, to exercise supervision over the board of directors' decision-making procedures, subjects to be proposed and our operation in law, to review the periodic reports prepared by the Board and form written audit opinion in respect thereof and to make effective supervision over our material transactions, connected transaction, financial position as well as the legality and compliance of the performance by directors and senior management and issue independent opinions in respect thereof.

#### 5. The performance appraisal and incentive and constraint mechanism

The Company owes and continues to improve fair-ness and transparency performance appraisal standards and incentive and constraint mechanism for directors, supervisors and senior management, the engagement of managers of the Company is open and transparent and meets the provisions of laws and regulations.

#### 6. The stakeholders

The Company fully respects and maintains the legitimate rights and interests of stakeholders; strengthen communication and negotiation with each other, realizes the coordination and balance of interests for all parties including society, shareholders, company and staff, pushes forward the sustainable, steady and harmonious development of the Company together.

#### 7. The information disclosure and transparency

During the Period, the Company strengthens management of information disclosure, performs the duty of information disclosure in strict accordance with the rules of related laws and regulations, Rules Governing the stock listed on Shenzhen Stock Exchange and "Management System of Information Disclosure", and appoints *Securities Times*, *China Securities Journal*, *Hong Kong Commercial Daily* and Juchao Website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) for information disclosure medial; as for the major un-disclosed inside information, exercise strictly confidential procedures and controlling persons with inside information kowned. The Company perform duty in aspect of truthfully, accurately, timely and completely discloses information, ensures all investors obtain the Company's information equally and other legal interest.

#### 8. Investor relations management

The Company has seriously done the job of the investor relations management in accordance with the requirements of the "Investor Relations Management System" and "Reception and Promotion system" during the Period. Received the consultation and research of the professional institutional investors to the company, checking records for visitors and signing letter of commitment, disclosed the "investor relations activities record" timely. At the same time, communicated with the investors through the "interact easily" platform of Shenzhen Stock Exchange Investor Relations; seriously received the suggestion and opinions from investors, protect interest of the minority investors, earnestly accepted and replied the calls, faxes, and emails from the investors; cautiously dealt with the media coverage.

#### **(ii) Is there any difference between the actual condition of corporate governance and relevant regulations about corporate governance for listed company from CSRC?**

Yes No

There are no differences between the actual condition of corporate governance and relevant regulations about corporate governance for listed company from CSRC.

#### **II. Independent of the Company relative to controlling shareholders' in aspect of businesses, personnel,**

### assets, organization and finance

The Company totally separated in business, personnel, assets, institutions and financial aspects from Sichuan Changhong (controlling shareholder), with independent business accounting, responsibility and risk and independent business operation capability.

1. The business: the Company has an independent and complete business as well as operation ability, with specialized procurement, production, technology, marketing, management, human resources and other departments. We autonomously manage and operate business on our own. While the management staff are independent from controlling shareholders and their subordinate enterprises. The Company is free from interference by controlling shareholders and other affiliates, and there is no dependence on controlling shareholders and other affiliates.

2. The personnel: personnel, labor, personnel and salary of the Company are completely independent. President, vice president, person in charge of finance, Secretary of the board of directors and other senior management personnel are working in the Company and receive salary, not receiving any remuneration and holding position of any except directors, supervisors in the controlling shareholder and its subordinate enterprises.

3. Assets: the Company owns places of production and management independent from its controlling shareholder, owns complete assets structure, independent production system, auxiliary production systems and supporting facilities, land use rights, ownership of houses and other assets, and independent purchase and sales system. No assets occupied by controlling shareholders and other affiliates.

4. Institutions: the Company established organization completely independent from controlling shareholders; the general meeting, board of directors, board of supervisors and the internal organization are capable of taking independent action, with no controlling shareholder intervention of corporation's decision-making behavior. The Company strengthen the power restriction system via general meeting, the Board, supervisory committee, independent directors and vary committees, formulated an effective structure for corporate governance.

5. Financial aspects: the Company set up independent financial management, and independent accounting system and financial management system, independently setting up banking account and tax declaration.

### III. Horizontal competition

Applicable  Not applicable

### IV. In the report period, the Company held annual shareholders' general meeting and extraordinary shareholders' general meeting

#### 1. Annual Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure

First Extraordinary General Meeting of 2020	Extraordinary General Meeting	31.79%	January 10, 2020	January 11, 2020	Juchao Website—( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) “Resolution Notice of First extraordinary general meeting of 2020” No.: 2020-002
Second Extraordinary General Meeting of 2020	Extraordinary General Meeting	32.32%	February 11, 2020	February 12, 2020	Juchao Website—( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) “Resolution Notice of Second extraordinary general meeting of 2020” No.: 2020-009
AGM of 2019	AGM	32.6543%	May 29, 2020	May 30, 2020	Juchao Website—( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) “Resolution of the AGM of 2020” No.: 2020-036)
Third Extraordinary General Meeting of 2020	Extraordinary General Meeting	33.5057%	August 18, 2020	August 19, 2020	Juchao Website—( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) “Resolution Notice of Third extraordinary general meeting of 2020” No.: 2020-063
Fourth Extraordinary General Meeting of 2020	Extraordinary General Meeting	32.4924%	October 12, 2020	October 13, 2020	Juchao Website—( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) “Resolution Notice of Fourth extraordinary general meeting of 2020” No.: 2020-083
Fifth Extraordinary General Meeting of 2020	Extraordinary General Meeting	33.6596%	December 29, 2020	December 30, 2020	Juchao Website—( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) “Resolution Notice of Fifth extraordinary general meeting of 2020” No.: 2020-107

**2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore**

Applicable  Not applicable

**V. Responsibility performance of independent directors**

**(i) The attending of independent directors to Board meetings and general meeting**

The attending of independent directors							
Independent director	Times of Board meeting supposed to attend in the report period	Times of present in person	Times of attending by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)	Times of attending the shareholder general meeting
Gan Shengdao	9	1	8	0	0	N	0
Ren Jia	9	0	9	0	0	N	4
Lu Yingjin	9	1	8	0	0	N	0
Hong Yuanjia	4	1	3	0	0	N	0
Mou Wen	4	1	3	0	0	N	0
Zhao Gang	4	1	3	0	0	N	1

Explanation of absent the Board Meeting for the second time in a row:

No independent directors absent the Board Meeting for the second time in a row.

**(ii) Objection for relevant events from independent directors**

Whether independent directors come up with objection about company’s relevant matters or not

Yes  No

Independent directors has no objections for relevant events in reporting period

**(iii) Other explanation about responsibility performance of independent directors**

Whether the opinions from independent directors have been adopted or not

Yes  No

Explanation on recommendations adopted or un-adopted:

During the report period, the independent directors of the 9<sup>th</sup> session of the Board, Mr. Gan Shengdao, Mr. Ren Jia and Mr. Lu Yingjin, the independent directors of the 10<sup>th</sup> session of the Board, Mr. Hong Yuanjia, Ms. Mou Wen and Mr. Zhao Gang, faithfully performed their duties, and prudently, earnestly and diligently exercised their rights as independent directors in strict accordance with “Corporation Law”, “Securities Law”, “Guidance on the Establishment of Independent Director System in Listed Companies” of China Securities Regulatory Commission, “Stock listing Rules” of Shenzhen Stock Exchange, “Articles of Association”, “Independent Director System”, “Annual Report Working System of Independent Director”, and rules of related laws and regulations, not influenced by the major shareholders, actual controllers, or other units and individuals having a stake in the Company, actively attended the general meeting of shareholders and board meeting, made independent opinions on related matters, gave reasonable suggestions to the production and management and the business development

of the Company, gave full play to the role as independent directors, and maintained the legitimate rights and interests of shareholders of the Company, especially the medium and small shareholders.

In reporting period, independent directors propose opinions on the Board, and details of suggestions as:

Dated	Items	Agree/against	Disclosure index
January 20, 2020	Independent opinion on relevant proposal of the 35 <sup>th</sup> session of 9 <sup>th</sup> BOD	Agreed	Juchao Website(www.cninfo.com.cn)
March 26, 2020	Independent opinion on relevant proposal of the 36 <sup>th</sup> session of 9 <sup>th</sup> BOD	Agreed	Juchao Website(www.cninfo.com.cn)
April 17, 2020	Independent opinion on relevant proposal of the 37 <sup>th</sup> session of 9 <sup>th</sup> BOD	Agreed	Juchao Website(www.cninfo.com.cn)
May 7, 2020	Independent opinion on the Company's application to some commercial banks for special credit line of bill pool	Agreed	Juchao Website(www.cninfo.com.cn)
June 29, 2020	Independent opinion on subsidiaries applying to some commercial banks for issuing the bank acceptance bill by pledging the time certificates of deposit	Agreed	Juchao Website(www.cninfo.com.cn)
July 27, 2020	Independent opinion on the plan of repurchasing part of the domestic listed foreign shares of the Company (B-share)	Agreed	Juchao Website(www.cninfo.com.cn)
August 14, 2020	Independent opinion on relevant proposal of the 41 <sup>st</sup> session of 9 <sup>th</sup> BOD	Agreed	Juchao Website(www.cninfo.com.cn)
September 18, 2020	Independent opinion on relevant proposal of the 42 <sup>nd</sup> session of 9 <sup>th</sup> BOD	Agreed	Juchao Website(www.cninfo.com.cn)
October 12, 2020	见 Independent opinion on Appointment of the Senior management of the Company	Agreed	Juchao Website(www.cninfo.com.cn)
October 19, 2020	Independent opinion on the Forward Foreign Exchange Transaction Already carried out in the third quarter of 2020	Agreed	Juchao Website(www.cninfo.com.cn)
October 27, 2020	Independent opinion on the guarantee provided by controlling shareholder to apply to financial institutions for comprehensive credit granting and related transactions	Agreed	Juchao Website(www.cninfo.com.cn)
December 11, 2020	Independent opinion on relevant proposal of the 4 <sup>th</sup> session of 10 <sup>th</sup> BOD	Agreed	Juchao Website(www.cninfo.com.cn)

## VI. Responsibility performance of subordinate special committee of the Board in report period

### (i) Responsibility performance for strategy committee of the Board

In accordance with the requirements of the relevant laws and regulations of the Company Law and the Listing Rules of the Shenzhen Stock Exchange, the Strategic Committee under the Board of Directors of the company has

strictly followed the provisions of the Articles of Association and the Working Rules of the Strategic Committee of the Board of Directors, strictly performed their duties, and offered proposals and carried out positive guides for the company's strategic development and foreign investments, the specific situation is as follows:

1. On 16 March 2020, the Strategic Committee convened the 10<sup>th</sup> meeting of the Strategy Committee of the 9<sup>th</sup> Board of Directors, deliberated and approved the two proposals as development plans for year of 2020 and Proposal on increasing capital of Zhongshan Changhong Electric Co., Ltd.

(1) According to the Company's medium and long term development strategy, the committee members combined with the macroeconomic situation and industry status and summarized the annual work situation in 2019, discussed and established the Company's business thoughts and business plans in 2020, and strived to achieve the 2020 business goals.

(2) In accordance with the company's overseas development strategy and the business development needs of its wholly-owned subsidiary Zhongshan Changhong, in order to supplement the working capital of Zhongshan Changhong and quickly reduce its asset-liability ratio, it's agreed that the company and its wholly-owned subsidiary Changhong Air Conditioning would jointly increase capital of 150 million yuan to Zhongshan Changhong with their own funds based on the existing shareholding ratio, of which the Company's capital increase is 135 million yuan, and the capital increase of Changhong Air-conditioning is 15 million yuan. After the capital increase is completed, the registered capital of Zhongshan Changhong will be increased to 334 million yuan. The shareholding ratio of the company and Changhong Air Conditioning in Zhongshan Changhong remains unchanged at 90% and 10% respectively. It's agreed to submit the proposal to the company's board of directors for deliberation.

2. On December 9, 2020, the strategy committee convened the first meeting of the strategy committee of the tenth board of directors, which reviewed and approved the Proposal on the Investment and Establishment of Hefei Changhong Meiling Household Appliances Co., Ltd.

According to the company's business development needs and industrial planning, in order to ensure the realization of the company's household appliances industry (including kitchen and bathroom appliances and small home appliances) in the 14th Five-Year strategic development goals, seize the growth opportunities of consumption upgrade and brand focus in the household appliances industry, activate the vitality of the household appliances industry team, and establish a long-term incentive and restraint mechanism, it's submitted to the board of directors to approve the company and Ningbo Hongling Enterprise Management Partnership (Limited Partnership) (shareholding platform of household appliances industry's core management team, hereinafter referred to as "partnership") to jointly invest and establish Hefei Changhong Meiling Household Appliances Co., Ltd. (tentative name, and it's finally subject to the approval of the Industrial and Commercial Bureau) so as to adapt to external market competition, realize the transformation and upgrading of the company's household appliances industry, and promote the rapid and sound development of the household appliances industry. The registered capital of the new company is 50 million yuan, of which 35 million yuan is invested by the company in cash, accounting for 70% of the registered capital, and the partnership enterprise invests 15 million yuan in cash, accounting for 30% of the registered capital. It's agreed to submit the proposal to the company's board of directors for deliberation.

3. On February 25, 2021, the strategy committee convened the second meeting of the strategy committee of the



tenth board of directors, and reviewed and approved the Proposal on the Investment and Establishment of a Wholly-owned Subsidiary by the Holding Subsidiary Zhongke Meiling Cryogenics Company Limited .

According to the strategic plan of the company and its holding subsidiary Zhongke Meiling Cryogenics Company Limited (hereinafter referred to as "Zhongke Meiling"), in order to further expand the business scope of Zhongke Meiling in the biomedical field, deeply develop the life science sector business, and improve the core competitiveness of Zhongke Meiling, it's submitted the board of directors to approve Zhongke Meiling's investment of 10 million yuan to establish a wholly-owned subsidiary Anhui Linghe Medical Devices Co., Ltd. (tentative name, it's subject to the approved name of industry and commerce) to engage in medical device R&D, production and sales. It's agreed to submit the proposal to the company's board of directors for deliberation.

4. On March 19, 2021, the strategy committee held the third meeting of the strategy committee of the tenth board of directors, and reviewed and approved the Proposal on the Company's 2021 Development Plan and Proposal on the Company's Shareholders Return Planning in the Next Three Years (2021-2023).

(1) According to the company's medium and long-term development strategy, each committee summarized the overall situation of the company's work in 2020 based on the company's macro-environmental situation and the current status of the industry, discussed and established the company's 2021 business ideas, business plans, etc., further ensured the realization of the company's long-term development strategy goals.

(2) In order to further improve and complete the scientific, continuous and stable shareholder return mechanism, increase the transparency and operability of profit distribution policies and decision-making, and effectively protect the legitimate rights and interests of public investors, in accordance with the "Company Law" and the Notice on Further Implementing Matters Concerning Cash Dividend Distribution of Listed Companies (ZJF [2012] No. 37) and the Guidelines for the Supervision of Listed Companies No. 3—Cash Dividends of Listed Companies" (ZJHGG[2013] No. 43) issued by China Securities Regulatory Commission, and requirements of other relevant laws and regulations and regulatory documents, and on the basis of the relevant provisions of the "Articles of Association", after comprehensively considering the company's operating financial status and other factors, the company's "plan for shareholder returns in the next three years (2021-2023)" formulated by the company. The Company's Shareholders Return Planning in the Next Three Years (2021-2023) formulated by the company has been approved. It's agreed to submit this matter to the company's board of directors for deliberation.

#### **(ii) Responsibility performance for audit committee of the Board**

Audit committee of the Board performed its functions of supervision and examination to maintain the independence of audition in auditing for year of 2020 according to the requirements of related laws and regulations such as Company Law and *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange* by abiding of Articles of Incorporation, Implementing Regulations of Audit Committee of Board of the Directors, and Annual Work Rules of Audit Committee, the details are as follows:

1. On 20 January 2020, the "Financial Statement Report for year of 2019 and Arrangement of Internal Control Auditing" and "Un-audited Financial Accounting Statement for year of 2019" were deliberated and approved in 14<sup>th</sup> session of 9<sup>th</sup> audit committee of the Board, the un-audited financial statement presented an objectified financial status and operation results for year of 2019 basically.

2. On 9 March 2020, the audit committee held the 15<sup>th</sup> session of the 9<sup>th</sup> audit committee after the Shine Wing

Certified Public Account (LLP) issued preliminary audit opinion. Reviewed the auditing draft of financial report for year of 2019, proposed specific opinions; members of audit committee communicated with certified public accountant who was responsible for audition of the company, the certified public accountant who was be responsible for annual audition of the company reported related matters and adjusted matters during the audition to the audit committee, and matters of the company needs to be adjusted have been adjusted according to adjustment opinions of the certified public accountant who was responsible for annual audition. The audit committee read the first draft of audited financial accounting statements for 2019 of the company according to audition condition known from certified public accountant who was responsible for annual audition and production operation condition and financial performances reported by management level of the company, considered that the annual financing accounting statements for 2019 audited preliminarily by the Shine Wing Certified Public Account can truly, correctly and completely reflect the operation condition of the company, and confirmed the preliminary audit opinions of financing accounting statements of the company issued by the Shine Wing Certified Public Account.

3. On 16 March 2020, the 16<sup>th</sup> session of the 9<sup>th</sup> audit committee of the Board deliberated and approved the followed five proposals as” Audited Financial Statement Report of 2019”, “Auditing Report of Internal Control for year of 2019”, ‘Summary Report on Auditing Works for year of 2019 from Shine Wing Certified Public Account”, “Auditing Institution for Financial Report of 2020 and Internal Control Auditing Re-engagement and Remuneration Paid”, and “Opening Business of Forward Exchange”, and agreed to submit these auditing institutions to board of the directors of the Company for deliberation.

4. On 15 April 2020, the “Financial Statement of 1Q of 2020” was deliberated and approved in 17<sup>th</sup> session of 9<sup>th</sup> audit committee of the Board, the financial statement present a real, accurate and completed financial status and operation results of the Company for 1Q of 2020. The company's financial statements for the first quarter of 2020 have not been audited. The financial statements of 1Q of 2020 agree to submit for approval in the Board.

5. On 4 August 2020, the “Financial Statement of Semi-annual 2020” was deliberated and approved in 18<sup>th</sup> session of 9<sup>th</sup> audit committee of the Board, the financial statement present a real, accurate and completed financial status and operation results of the Company for semi-annual of 2020. The company's semi-annual financial report for 2020 was not audited. The financial statements of semi-annual 2020 agree to submit for approval in the Board.

6. On 16 October 2020, the “Financial Statement of 3Q 2020” was deliberated and approved in 1<sup>st</sup> session of 10<sup>th</sup> audit committee of the Board, the financial statement present a real, accurate and completed financial status and operation results of the Company for 3Q of 2020. The company's financial statements for the third quarter of 2020 have not been audited. The financial statement of 3Q 2020 agree to submit for approval in the Board.

7. On 28 January 2020, the “Financial Statement Report for year of 2020 and Arrangement of Internal Control Auditing” and “Un-audited Financial Accounting Statement for year of 2020” were deliberated and approved in 2<sup>nd</sup> session of 10<sup>th</sup> audit committee of the Board, the un-audited financial statement presented an objectified financial status and operation results for year of 2020 basically.

8. On 9 March 2021, the audit committee held the 3<sup>rd</sup> session of the 10<sup>th</sup> audit committee after the Shine Wing Certified Public Account (LLP) issued preliminary audit opinion. Reviewed the auditing draft of financial report for year of 2020, proposed specific opinions; members of audit committee communicated with certified public

accountant who was responsible for audition of the company, the certified public accountant who was be responsible for annual audition of the company reported related matters and adjusted matters during the audition to the audit committee, and matters of the company needs to be adjusted have been adjusted according to adjustment opinions of the certified public accountant who was responsible for annual audition.

The audit committee read the first draft of audited financial accounting statements for 2020 of the company according to audition condition known from certified public accountant who was responsible for annual audition and production operation condition and financial performances reported by management level of the company, considered that the annual financing accounting statements for 2020 audited preliminarily by the Shine Wing Certified Public Account can truly, correctly and completely reflect the operation condition of the company, and confirmed the preliminary audit opinions of financing accounting statements of the company issued by the Shine Wing Certified Public Account.

9. On 19 March 2021, the 4<sup>th</sup> session of the 10<sup>th</sup> audit committee of the Board deliberated and approved the followed five proposals as "Audited Financial Statement Report of 2020", "Auditing Report of Internal Control for year of 2020", "Summary Report on Auditing Works for year of 2020 from Shine Wing Certified Public Account", "Auditing Institution for Financial Report of 2021 and Internal Control Auditing Re-engagement and Remuneration Paid", and "Opening Business of Forward Exchange", and agreed to submit these auditing institutions to board of the directors of the Company for deliberation.

### **(iii) Responsibility performance for nominations committee of the Board**

The nominations committee under the board of directors practically performed their duties on the basis of requirements of laws and regulations of "Company Law" and "Rules Governing the Listing of Stocks on Shenzhen Stock Exchange", and in strict accordance with "Articles of Association", "Implementation Rules of Nominations Committee of the Board", in the reporting period, the nominations committee reviewed and made recommendations to the engaged director and senior management that needed to be submitted to the board for consideration and nomination.

1. In view of the fact that the term of the company's ninth board of directors has expired on September 12, 2020, in accordance with the "Company Law", "Articles of Association", "Rules of Procedures of the Board of Directors", "Implementation Rules of the Nomination Committee of the Board of Directors" and other relevant regulations, after considering the corporate governance structure of the company's board of directors, and combined with the actual situation of the company, the tenth board of directors of the company is composed of 9 directors, including 6 non-independent directors and 3 independent directors.

On 16 September 2020, the nomination committee held its 8<sup>th</sup> meeting of the nomination committee of the 9<sup>th</sup> board of directors, deliberated and approved two proposal of qualification auditing for the non-independent director elected as 10<sup>th</sup> BOD and qualification auditing for the chairman elected as 10<sup>th</sup> BOD.

(1) After reviewed by the nominations committee, it is deemed that the educational background, service experience, professional ability and professional quality of the candidates for the non-independent director of the company's tenth board of directors meet the requirements for the position to be held, and have not been punished by the China Securities Regulatory Commission or other relevant departments or received any disciplinary sanctions of the stock exchange in the past five years, there are no cases of suspected crimes being filed for

investigation by judicial organs or suspected of violations of laws and regulations by the China Securities Regulatory Commission; they are neither the person subject to enforcement nor the responsibility subject of untrustworthiness, and there is no circumstances that the director candidates are not allowed to be nominated as directors, their qualifications meet the requirements of relevant laws, administrative regulations, departmental rules, regulatory documents, "Stock Listing Rules" and other relevant provisions of the stock exchange. The above-mentioned director candidates have strong professional knowledge and rich work experience in related industries, which will help further improve the corporate governance structure of the company and benefit the company's long-term business development. It is recommended that the board of directors nominate Mr. Wu Dinggang, Mr. Kou Huameng, Mr. Yong Fengshan, Mr. Zhong Ming, Mr. Hu Zhaogui, and Mr. Chen Ye as candidates for non-independent directors of the company's tenth board of directors.

(2)After reviewed by the nominations committee, it is deemed that the educational background, service experience, professional ability and professional quality of the candidates for the independent director of the company's tenth board of directors meet the requirements for the position to be held, and have not been punished by the China Securities Regulatory Commission or other relevant departments or received any disciplinary sanctions, there are no cases of suspected crimes being filed for investigation by judicial organs or suspected of violations of laws and regulations by the China Securities Regulatory Commission; they are neither the person subject to enforcement nor the responsibility subject of untrustworthiness, and there is no circumstances that the director candidates are not allowed to be nominated as directors, their qualifications meet the requirements of relevant laws, administrative regulations, departmental rules, regulatory documents, "Stock Listing Rules" and other relevant provisions of the stock exchange. Meanwhile, each candidate for independent director has the qualifications and independence to hold office as stipulated in the "Measures for Filing Independent Directors of Shenzhen Stock Exchange Measures", and candidates have strong professional knowledge and rich work experience in related industries, which will help further improve the corporate governance structure of the company and benefit the company's long-term business development. It is recommended that the board of directors nominate Mr. Hong Yuanjia, Ms. Mou Wen and Mr. Zhao Gang as candidates for independent directors of the company's tenth board of directors.

2. On October 12, 2020, the nomination committee held the first meeting of the nomination committee of the tenth board of directors. The meeting reviewed and approved the Proposal on the Qualification Examination of the Company's Board of Directors for the Senior Managers Planned to Be Appointed by the Company".

According to the company's actual business development needs and taking into account the continuity of the company's management, nominated by the company's chairman and reviewed by the nomination committee, the qualifications of the company's senior executives planned to be appointed by the company's board of directors conform to the "Company Law" and "Articles of Association" and the relevant regulations of the China Securities Regulatory Commission, there is no situation that has been determined by the China Securities Regulatory Commission as a market ban or the ban has not been lifted. The educational background, professional experience, professional competence and professional quality of the senior executives to be appointed this time meet the job requirements of proposed position. It is recommended that the tenth session of the company's board of directors continue the appointments of Mr. Kou Huameng as the company's vice president (acting on behalf of the

president), Mr. Liu Hongwei as the company's executive vice president, Mr. Zhong Ming, Mr. Hu Zhaogui, and Mr. Huang Danian as the company's vice presidents, and Mr. Pang Haitao as the company's chief financial officer (head of finance), continue to appoint Ms. Li Xia as secretary of the company's board of directors. The qualifications of Ms. Li Xia have been filed and reviewed by the Shenzhen Stock Exchange and there is no objection.

3. On 9 December, 2020, the nomination committee held the second meeting of the nomination committee of the tenth board of directors. The meeting reviewed and approved the Proposal on the Qualification Examination of the Company's Board of Directors for the President Planned to Be Appointed by the Company".

According to the company's business and management needs, nominated by the company's chairman and reviewed by the nomination committee, the company's senior executives planned to be appointed by the company's board of directors have not been punished by the China Securities Regulatory Commission and other relevant departments nor taken disciplinary actions by the stock exchange. There is no case of being filed for investigation by judicial organs for suspected crimes or being filed for investigation by the China Securities Regulatory Commission for suspected violations of laws and regulations. They are neither the person subject to enforcement nor the responsibility subject of untrustworthiness, and there is no circumstances that the candidates are not allowed to be nominated as senior executives. The educational background, professional experience, professional competence and professional quality of the senior executives to be appointed this time meet the job requirements of proposed position. It was agreed to nominate Mr. Zhong Ming as the president of the company and submit to the board of directors for deliberation.

4. On 19 March 2021, the nomination committee held its 3<sup>rd</sup> meeting of the nomination committee of the 10<sup>th</sup> board of directors, deliberated and approved the Proposal on review by the BOD of the qualifications for appointment of the proposed Vice President of the Company.

According to the company's business and management needs, nominated by the company's president and reviewed by the nomination committee, the company's senior executives planned to be appointed by the company's board of directors have not been punished by the China Securities Regulatory Commission and other relevant departments nor taken disciplinary actions by the stock exchange. There is no case of being filed for investigation by judicial organs for suspected crimes or being filed for investigation by the China Securities Regulatory Commission for suspected violations of laws and regulations. They are neither the person subject to enforcement nor the responsibility subject of untrustworthiness, and there is no circumstances that the candidates are not allowed to be nominated as senior executives. The educational background, professional experience, professional competence and professional quality of the senior executives to be appointed this time meet the job requirements of proposed position. It was agreed to nominate Mr. Tang Youdao as the deputy president of the company and submit to the board of directors for deliberation.

#### **(iv) Responsibility performance for remuneration and appraisal committee of the board**

In line with relevant laws and regulation of Company Law and "Rules Governing the Listing of Stocks on Shenzhen Stock Exchange", remuneration and appraisal committee of the Board, strictly follow rules of "Article of Association" and "Implementation Rules of remuneration and appraisal committee of the Board", in the reporting period, the committee proposed suggestions on the performance evaluation standards and incentive &

restraint mechanism for directors, supervisors and senior executives, and review the appraisal and remuneration of directors, supervisors and senior executives, accrual and distribution for performance incentive fund included.

More details are as:

1. On 16 March 2020, the 3<sup>rd</sup> meeting of the Remuneration and Appraisal Committee of the 9<sup>th</sup> Board of Directors was convened. The meeting reviewed and approved the "Appraisal and Payment of Remuneration of Directors and Senior Executives in Current Year 2019", and carried out follow opinions:

The committee assessed and reviewed the remunerations and payment status of the Company's directors and senior executives in 2019, and considered that the allowances received by the independent directors of the Company should be paid at the allowance rate approved by the general meeting of shareholders; the remunerations received by the Company's senior executives from the Company should be strictly based on the Company's remuneration and assessment system, the remuneration information disclosed by the Company was truthful, accurate, and complete and conformed to requirements of "Content and Format Norm for Information Disclosure of Companies Publicly Issuing Securities No. 2 - Content and Format of Annual Report (Revised in 2017)" of China Securities Regulatory Commission

The Board of Directors of the Company reviewed and passed the remuneration assessment and payment matters of the directors and senior executives in the Company's 2019 annual report based on the remuneration assessment status of senior executives of the Company and the opinions of the remuneration and appraisal committee.

2. On September 16, 2020, the fourth meeting of the remuneration and appraisal committee of the ninth board of directors was held. The meeting reviewed and approved the Proposal on Determining the Allowance Standards for Independent Directors of the 10<sup>th</sup> Board of Directors of the Company, and issued the following review opinions:

According to the relevant regulations and requirements of "Guiding Opinions on Establishing an Independent Director System in Listed Companies" of the China Securities Regulatory Commission and the "Articles of Association", taking into account the actual situation of the company and referring to the independent director allowance standards of listed companies in the same industry, it was agreed that the allowance standards for the independent directors of the company's tenth board of directors is intended to be 100,000 yuan per person per year (after tax). At the same time, it was agreed to submit this proposal to the company's board of directors for deliberation.

3. On 19 March 2021, the remuneration and appraisal committee of the 10<sup>th</sup> Session of Board of Directors convened the 1<sup>st</sup> meeting which reviewed and approved the "Remuneration Assessment and Payment of Directors and Senior Executives of the Company in 2020" and issued the following review opinions:

The committee assessed and reviewed the remunerations and payment status of the Company's directors and senior executives in 2020, and considered that the allowances received by the independent directors of the Company should be paid at the allowance rate approved by the general meeting of shareholders; the remunerations received by the Company's senior executives from the Company should be strictly based on the Company's remuneration and assessment system, the remuneration information disclosed by the Company was truthful, accurate, and complete and conformed to requirements of "Content and Format Norm for Information Disclosure of Companies Publicly Issuing Securities No. 2 - Content and Format of Annual Report (Revised in 2017)" of China Securities Regulatory Commission



The Board of Directors of the Company reviewed and passed the remuneration assessment and payment matters of the directors and senior executives in the Company's 2020 annual report based on the remuneration assessment status of senior executives of the Company and the opinions of the remuneration and appraisal committee.

**VII. Works from Supervisory Committee**

Whether the Company has risks or not in reporting period that found in supervisory activity from supervisory committee

Yes No

Supervisory committee has no objection about supervision events in reporting period

**VIII. Appraisal and incentive to senior management**

During the reporting period, The Company established 2020 annual compensation and performance management plan for the senior management of the Company in accordance with the main scope, responsibilities, importance of their management positions and the remuneration level of other relevant enterprises and positions; the plan included but not limited to key performance indicator (KPI), performance appraisal standards, procedures and major programs and systems of main appraisal system, reward and punishment; investigated the execution of duty of the senior management and implemented annual performance appraisal to them. After reviewed by the committee, submit to the Board for approval.

At the end of Current Year, combined with the senior management's working reports and self-evaluation of 2020, and according to the performance evaluation criteria and procedures, the Compensation and Appraisal Committee has carried out performance appraisal to the senior management's key performance indication (KPI) in 2020 and other related indicators; proposed the remuneration amount and performance assessment methods for senior management according to the job performance evaluation results and remuneration distribution policy, and reported to the Board of Directors for approval.

**IX. Internal Control**

**(i) Details of major defects in IC appraisal report that found in reporting period**

Yes No

**(ii) Appraisal Report of Internal Control**

Date of evaluation report of internal control disclosed (Full-text)	March 31, 2021	
Index of evaluation report of internal control disclosed (Full-text)	Juchao Website (www.cninfo.com.cn)	
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements	99.83%	
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements	100%	
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports

<p>Qualitative criteria</p>	<p><b>1. Material defect:</b> severally or jointly with other defects, will lead to material wrong reporting in financial reports being not able to prevented or found or rectified in a timely manner. Occurrence of the followings will be deemed as material defect:</p> <ol style="list-style-type: none"> <li>1. inefficiency of environment control;</li> <li>2. fraud of directors, supervisors and senior management;</li> <li>3. The external auditor finds material wrong reporting in current financial statement, while the Company has not found such reporting during its operation;</li> <li>4. The material defect identified and reported to the management fails to be rectified in a reasonable time period;</li> <li>5. The audit committee and audit department of the Company exercise invalid supervision upon internal control;</li> <li>6. Other defects which may affect financial statement users to make correct judgment.</li> </ol> <p><b>2. Major defect:</b> severally or jointly with other defects, will lead to wrong reporting in financial reports being not able to prevented or found or rectified in a timely manner which still needs attention from the management though it doesn't reach or exceed material defect as described above. Occurrence of the followings will be deemed as major defect:</p> <ol style="list-style-type: none"> <li>(1) Financial losses caused by guaranteeing and investing in securities and financial derivatives transactions and disposing property right and stock right without authorization;</li> <li>(2) The company's financial staff or other relevant business personnel have unclear powers and responsibilities or job chaos, or are suspected of being involved in economic or job-related crimes and have been transferred to the judiciary;</li> <li>(3) Punishment or severely negative impacts on the company's image due to the bias implementation of the policy or accounting errors, etc.;</li> <li>(4) Financial losses caused by destroying, concealing, or altering the important original evidences at will, such as invoices and checks, etc.</li> <li>(5) Cash income is not entered into the account book, or public funds are deposited in private account or "private coffer" is established by breaking the rules.</li> </ol> <p><b>3. General defect:</b> other internal control related defects that do not constitute material defects or major defect.</p>	<p>Occurrence of the followings shall be deemed as material defect, otherwise as major defect or general defect subject to the level of influence.</p> <ol style="list-style-type: none"> <li>1. breach of national laws, regulations or regulatory documents;</li> <li>2. procedure for making significant decisions is not scientific;</li> <li>3. absence of system may lead to invalid system;</li> <li>4. Material or major defects are not likely to rectify;</li> <li>5. Large negative effects on the company and disclosed in the form of announcement;</li> <li>6. Other issues that materially affect the Company.</li> </ol>
-----------------------------	--	--



Quantitative standard	<p><b>1. Proportion of potential wrong reporting in total operating income:</b> Material defect: wrong reporting <math>\geq 0.5\%</math>; Major defect: <math>0.1\% \leq</math> wrong reporting <math>&lt; 0.5\%</math>; General defect: wrong reporting <math>&lt; 0.1\%</math>.</p> <p><b>2. Proportion of potential wrong reporting in total profit:</b> Material defect: wrong reporting <math>\geq 10\%</math>; Major defect: <math>5\% \leq</math> wrong reporting <math>&lt; 10\%</math>; General defect: wrong reporting <math>&lt; 5\%</math>.</p> <p><b>3. Proportion of potential wrong reporting in total assets:</b> Material defect: wrong reporting <math>\geq 0.5\%</math>; Major defect: <math>0.1\% \leq</math> wrong reporting <math>&lt; 0.5\%</math>; General defect: wrong reporting <math>&lt; 0.1\%</math>.</p> <p><b>4. Proportion of potential wrong reporting in total owners' equity:</b> Material defect: wrong reporting <math>\geq 0.5\%</math>; Major defect: <math>0.1\% \leq</math> wrong reporting <math>&lt; 0.5\%</math>; General defect: wrong reporting <math>&lt; 0.1\%</math>.</p>	<p><b>1. Proportion of direct property loss in total operating income:</b> Material defect: wrong reporting <math>\geq 0.1\%</math>; Major defect: <math>0.05\% \leq</math> wrong reporting <math>&lt; 0.1\%</math>; General defect: wrong reporting <math>&lt; 0.05\%</math>.</p> <p><b>2. Proportion of direct property loss in total profit:</b> Material defect: wrong reporting <math>\geq 10\%</math>; Major defect: <math>5\% \leq</math> wrong reporting <math>&lt; 10\%</math>; General defect: wrong reporting <math>&lt; 5\%</math>.</p> <p><b>3. Proportion of direct property loss in total assets:</b> Material defect: wrong reporting <math>\geq 0.2\%</math>; Major defect: <math>0.1\% \leq</math> wrong reporting <math>&lt; 0.2\%</math>; General defect: wrong reporting <math>&lt; 0.1\%</math>.</p> <p><b>4. Proportion of direct property loss in total owners' equity:</b> Material defect: wrong reporting <math>\geq 0.2\%</math>; Major defect: <math>0.1\% \leq</math> wrong reporting <math>&lt; 0.2\%</math>; General defect: wrong reporting <math>&lt; 0.1\%</math>.</p>
	Amount of significant defects in financial reports	0
	Amount of significant defects in non-financial reports	0
	Amount of important defects in financial reports	0
	Amount of important defects in non-financial reports	0

**X. Auditing report of internal control**

Applicable    Not applicable

Deliberation section of auditing report of IC	
We consider that: in all major aspects, Changhong Meiling Co., Ltd. has efficiency in financial report of internal control dated 31 December 2020 according to Basic Standards of Internal Control for Enterprise and relevant regulations.	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	March 31, 2021
Index of audit report of internal control (full-text)	Juchao Website (www.cninfo.com.cn)

Opinion type of auditing report of IC	Standard unqualified
whether the non-financial report had major defects	No

Whether CPA carries out qualified opinion for audit report of internal control or not

Yes  No

Whether the opinions are consistent in audit report of internal control carrying out by CPA and the self-evaluation report of the Board or not

Yes  No

## Section XI. Corporate Bond

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

Yes No

## Section XII. Financial Report

### I. Audit report

Type of audit opinion	Standard unqualified opinion
Date for signing the report	29 March 2021
Name of audit institute	Shine Wing Certified Public Accountants (LLP)
Serial of Auditing Report	XYZH/2021CDAA70082
Name of CPA	Li Xifu, Wang Xiaodong

### Auditor's Report

XYZH/2021CDAA70082

To Shareholders of Changhong Meiling Co., Ltd.:

#### I. Auditor's opinion

We, as the auditors, audited the financial statements of Changhong Meiling Co., Ltd. (the "Company"), which included the consolidated balance sheet as of 31 December 2020, the consolidated statement of income, the consolidated statement of cash flow and the consolidated statement of changes in equity of the Company for Current Year ended 31 December 2020, together with the relevant notes thereto.

We are the view that the attached financial statements are prepared in accordance with the Business Accounting Standards in all material aspects, which reflect fairly the consolidated financial position of the Company as of 31 December 2020 and the operating results and cash flow of the Company for Current Year of 2020.

#### II. Basis for audit opinions

We conducted this audit under the requirements of the Auditing Standards of the Certified Public Accountant of the PRC. The section headed "Certified Public Accountant's responsibility for audit of financial statement" in the audit report has further clarified our responsibilities under these standards. Pursuant to the code of professional conduct as certified public accountant in the PRC, we are independent of the Company and have performed other responsibility as required by our professional ethics. We believe that the audit evidence obtained by us is sufficient and adequate, which provides foundation for us to issue audit opinion.

**III. Key audit issues**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter we identified is as follows:

<b>1.Recognition of revenue</b>	
<b>Please refer to note (iv) 26 and note (vi) 40.</b>	
<b>Key audit matters</b>	<b>Audit address</b>
<p>Sales revenue of the Company was mainly sourced from sales of refrigerator, air conditioner, small household appliances and kitchen and washing machines to both domestic and overseas customers. As indicated in note (vi) 40 of the financial statement - Operating income and cost, the operating income was RMB 15,388,050,229.67 in 2020. Since the truthfulness and completeness of revenue recognition has material impact on operating results, we attached great importance to recognition of sales revenue.</p>	<p>Main auditing procedures for revenue recognition are including:</p> <ol style="list-style-type: none"> <li>1) know and test the cycle internal control of sales and collection, to assess the design and effectiveness of the internal control;</li> <li>2) understand the business substance, inspect significant sales contract and the corresponding sales invoice, on a random basis, receipt of notes, delivery information confirmed through systems, verify that whether revenue was recognized upon satisfaction of required conditions and whether the revenue recognition was made in right timing, and verify that whether profit was adjusted through aggressive sales policy;</li> <li>3) Carry out supervision and other procedures to the important inventory at end of the period, well-known the progress of the contracts and follow up the abnormal situations found in inspection;</li> <li>4) Conduct inquiry through issue of letters, and carry out additional audit procedures for the items for which reply was abnormal;</li> <li>5) review collection of trade receivables, confirm the conformity between the entities owing receivables and name of customers to verify whether there was collection of receivables from third parties, to review the truthfulness of the collection and revenue;</li> <li>6) review collection of receivables in subsequent period;</li> <li>7) make cut-off test and analysis re-review on revenue.</li> </ol>
<b>2.Capitalization of development expense</b>	
<b>Please refer to note (iv) 20 and note (vi) 16</b>	
<b>Key audit matters</b>	<b>Audit address</b>
<p>The development expense occurred for research and development of non-patent technology in 2020 was RMB 134,284,644.90, which was capitalized and accounted for as development</p>	<ol style="list-style-type: none"> <li>1) Understand the key control of capitalization of development expenditures, implement internal control audit procedures, understand the scope and accounting methods of development expenditures, understand and make research and development on related control systems and processes,</li> </ol>

<p>expense in the consolidated financial statement. Development expense could only be capitalized upon satisfaction of all the capitalization conditions set out in note (iv) 20 to the financial statement. Since to confirm whether all the capitalization conditions are met requires the management to make significant judgment and estimate, we deem this matter important in the context of our audit.</p>	<p>and test the effectiveness of relevant internal control design and operation;</p> <p>2) Implementation: compare the developed projects in intangible assets with machinery models for external sales, and re-verify the truthfulness of capitalization of completely developed projects</p> <p>3) Dual purpose testing: inspect the project reports and inspection and acceptance reports formed during the research and development and commercialization of developed products, and judge the sufficiency of basis for accounting of development expense</p>
---	---

#### IV. Other information

The management of Changhong Meiling Co., Ltd. (the “Management”) is responsible for other information which includes the information covered in the Company’s 2020 annual report excluding the financial statement and our audit report.

The audit opinion issued by us for the financial statement has not covered other information, for which we do not issue any form of assurance opinions.

Considering our audit on financial statements, we are liable to read other information, during which, we shall consider whether other information differs materially from the financial statements or that we understand during our audit, or whether there is any material misstatement.

Based on the works executed by us, we should report the fact if we find any material misstatement in other information. In this regards, we have nothing to report.

#### V. Responsibilities of management and those charged with governance for the financial statements

The management is responsible for the preparation of the financial statements in accordance with the Accounting Standards for Enterprise to secure a fair presentation, and for the design, establishment and maintenance of the internal control necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company’s ability to continue as a going concern, disclosing matters related to going concern and using the going concern assumption unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

## VI. Responsibilities of the auditor for the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(4) Conclude on the appropriateness of the management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by the CAS to draw users' attention in audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify audit opinion. Our conclusions are based on the information obtained up to the date of audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and

timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard measures.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Shine Wing Certified Public Accountants (LLP)

Chinese CPA: Li Xifu (engagement partner)

Chinese CPA: Wang Xiaodong

Beijing China

29 March 2021



## II. Financial statements

Units in Notes of Financial Statements is RMB

### 1. Consolidated Balance Sheet

Prepared by CHANGHONG MEILING CO., LTD. December 31, 2020

In RMB

Item	December 31, 2020	December 31, 2019
Current assets:		
Monetary funds	6,594,786,789.98	5,499,601,030.64
Settlement provisions		
Capital lent		
Tradable financial assets	47,242,339.07	7,730,268.92
Derivative financial assets		
Note receivable	340,421,386.71	1,865,165,499.50
Account receivable	1,130,275,780.66	1,387,961,981.66
Receivable financing	1,632,388,702.83	
Accounts paid in advance	30,105,373.40	25,270,406.37
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	145,705,978.26	97,241,894.80
Including: Interest receivable		9,510,208.63
Dividend receivable		661,434.48
Buying back the sale of financial assets		
Inventories	1,715,354,951.43	1,460,910,189.06
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	198,353,464.98	63,604,031.96
Total current assets	11,834,634,767.32	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	76,982,822.38	88,556,511.70
Investment in other equity instrument		
Other non-current financial assets	548,148,931.34	45,000,000.00
Investment real estate	53,888,462.00	96,343,760.13
Fixed assets	2,391,859,440.31	2,180,572,946.87
Construction in progress	60,775,088.96	252,494,792.31
Productive biological asset		
Oil and gas asset		
Right-of-use assets		
Intangible assets	936,851,520.65	933,248,463.84
Expense on Research and Development	73,028,441.56	101,078,659.57
Goodwill		
Long-term expenses to be apportioned		
Deferred income tax asset	127,185,979.94	97,453,178.14
Other non-current asset		
Total non-current asset	4,268,720,687.14	3,794,748,312.56
Total assets	16,103,355,454.46	14,202,233,615.47
Current liabilities:		
Short-term loans	1,336,209,050.55	1,103,991,045.96
Loan from central bank		
Capital borrowed		
Trading financial liability	4,584,076.51	1,081,534.93
Derivative financial liability		
Note payable	4,439,607,982.34	3,490,271,482.40
Account payable	2,851,999,684.30	2,343,116,374.58
Accounts received in advance		425,149,194.97
Contractual liability	522,550,891.28	
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	290,321,776.05	196,507,174.68

Taxes payable	89,682,433.90	68,558,391.66
Other account payable	724,701,686.72	689,477,603.21
Including: Interest payable		12,340,385.61
Dividend payable	4,466,628.25	3,579,491.94
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	407,825,150.74	1,708,193.90
Other current liabilities	22,923,698.73	
Total current liabilities	10,690,406,431.12	8,319,860,996.29
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	188,231,439.30	401,280,000.00
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable	1,705,323.91	3,016,921.44
Long-term wages payable	10,571,526.69	13,774,110.61
Accrual liability	62,392,735.07	166,099,143.97
Deferred income	177,377,450.12	179,970,971.92
Deferred income tax liabilities	10,575,582.33	6,256,759.14
Other non-current liabilities		
Total non-current liabilities	450,854,057.42	770,397,907.08
Total liabilities	11,141,260,488.54	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	2,683,837,229.12	2,684,366,619.10
Less: Inventory shares	9,929,336.18	
Other comprehensive income	-21,451,084.17	-18,931,430.36
Reasonable reserve		

Surplus public reserve	416,364,790.43	410,786,860.20
Provision of general risk		
Retained profit	740,754,202.23	884,127,743.42
Total owner's equity attributable to parent company	4,854,173,682.43	5,004,947,673.36
Minority interests	107,921,283.49	107,027,038.74
Total owner's equity	4,962,094,965.92	5,111,974,712.10
Total liabilities and owner's equity	16,103,355,454.46	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	December 31, 2020	December 31, 2019
Current assets:		
Monetary funds	4,605,962,184.11	4,040,632,437.18
Tradable financial assets	37,589,391.07	5,967,556.00
Derivative financial assets		
Note receivable	286,990,200.00	1,722,707,248.74
Account receivable	1,019,299,017.40	1,158,563,389.33
Receivable financing	1,561,429,139.80	
Accounts paid in advance	39,571,728.09	34,374,932.07
Other account receivable	49,093,918.57	41,964,639.42
Including: Interest receivable		7,880,186.85
Dividend receivable		661,434.48
Inventories	578,905,855.30	339,728,296.66
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	142,573,164.77	11,930,690.86
Total current assets	8,321,414,599.11	7,355,869,190.26
Non-current assets:		
Debt investment		

Other debt investment		
Long-term receivables		
Long-term equity investments	1,834,115,835.95	1,698,744,114.99
Investment in other equity instrument		
Other non-current financial assets	548,148,931.34	45,000,000.00
Investment real estate	3,961,590.38	7,314,721.80
Fixed assets	1,229,803,474.56	1,138,092,635.67
Construction in progress	47,570,309.13	106,575,581.28
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	479,923,618.32	483,887,751.05
Research and development costs	42,913,363.51	56,295,271.74
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	103,462,284.33	77,849,317.77
Other non-current assets		
Total non-current assets	4,289,899,407.52	3,613,759,394.30
Total assets	12,611,314,006.63	10,969,628,584.56
Current liabilities		
Short-term borrowings	1,234,926,592.05	1,009,757,944.82
Trading financial liability	2,512,269.00	1,016,052.00
Derivative financial liability		
Notes payable	2,510,288,511.69	1,936,867,907.42
Account payable	1,918,960,127.71	1,497,704,307.48
Accounts received in advance		147,365,864.56
Contractual liability	281,974,752.24	
Wage payable	130,314,834.51	39,633,867.87
Taxes payable	19,582,700.30	20,427,731.13
Other accounts payable	624,090,798.72	520,559,494.30
Including: Interest payable		13,175,235.76
Dividend payable	3,866,628.25	3,579,491.94
Liability held for sale		
Non-current liabilities due within one year	407,141,888.08	

Other current liabilities	6,432,113.43	
Total current liabilities	7,136,224,587.73	5,173,333,169.58
Non-current liabilities:		
Long-term loans	188,231,439.30	401,280,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable	10,571,526.69	13,774,110.61
Accrued liabilities	55,035,910.31	158,742,319.21
Deferred income	67,315,337.57	67,664,815.53
Deferred income tax liabilities	6,102,908.01	742,725.60
Other non-current liabilities		
Total non-current liabilities	327,257,121.88	642,203,970.95
Total liabilities	7,463,481,709.61	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	2,753,137,787.99	2,753,017,007.10
Less: Inventory shares	9,929,336.18	
Other comprehensive income		
Special reserve		
Surplus reserve	416,146,624.75	410,568,694.52
Retained profit	943,879,339.46	945,907,861.41
Total owner's equity	5,147,832,297.02	5,154,091,444.03
Total liabilities and owner's equity	12,611,314,006.63	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	2020	2019
I. Total operating income	15,388,050,229.67	16,553,252,894.93
Including: Operating income	15,388,050,229.67	16,553,252,894.93
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	15,602,345,607.20	16,579,810,406.62
Including: Operating cost	12,850,871,672.57	13,455,692,376.85
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	150,315,512.44	153,065,726.91
Sales expense	1,945,803,799.56	2,320,362,519.95
Administrative expense	280,245,684.56	330,687,143.82
R&D expense	380,638,922.91	334,218,689.69
Financial expense	-5,529,984.84	-14,216,050.60
Including: Interest expenses	88,262,152.17	93,523,492.74
Interest income	139,603,245.84	133,568,862.29
Add: other income	104,122,180.27	110,281,102.69
Investment income (Loss is listed with "-")	78,127,214.62	-32,695,507.49
Including: Investment income on affiliated company and joint venture	-3,500,527.61	-8,049,228.81
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 "-")	41,614,800.19	52,993,630.16

Loss of credit impairment (Loss is listed with “-”)	-17,058,488.00	4,633,296.89
Losses of devaluation of asset (Loss is listed with “-”)	-78,711,657.91	-30,409,004.57
Income from assets disposal (Loss is listed with “-”)	-500,976.21	-9,537,945.52
III. Operating profit (Loss is listed with “-”)	-86,702,304.57	68,708,060.47
Add: Non-operating income	8,468,605.41	6,479,922.98
Less: Non-operating expense	7,644,641.64	5,409,757.70
IV. Total profit (Loss is listed with “-”)	-85,878,340.80	69,778,225.75
Less: Income tax expense	-6,756,228.32	26,266,024.94
V. Net profit (Net loss is listed with “-”)	-79,122,112.48	43,512,200.81
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with ‘-’)	-79,122,112.48	43,512,200.81
2.termination of net profit (net loss listed with ‘-’)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	-85,565,716.91	56,441,479.14
2.Minority shareholders’ gains and losses	6,443,604.43	-12,929,278.33
VI. Net after-tax of other comprehensive income	-2,992,457.19	-2,068,017.04
Net after-tax of other comprehensive income attributable to owners of parent company	-2,519,653.81	-787,861.10
(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	-2,519,653.81	-787,861.10
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	-2,519,653.81	-787,861.10
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders	-472,803.38	-1,280,155.94
VII. Total comprehensive income	-82,114,569.67	41,444,183.77
Total comprehensive income attributable to owners of parent Company	-88,085,370.72	55,653,618.04
Total comprehensive income attributable to minority shareholders	5,970,801.05	-14,209,434.27
VIII. Earnings per share:		
(i) Basic earnings per share	-0.0819	0.0540
(ii) Diluted earnings per share	-0.0819	0.0540

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

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	2020	2019
I. Operating income	8,032,949,961.07	9,296,448,243.29
Less: Operating cost	7,576,052,272.85	8,437,561,503.10
Taxes and surcharge	77,270,806.49	76,143,013.23
Sales expenses	266,179,349.65	519,213,849.71
Administration expenses	121,576,790.77	135,073,396.64
R&D expenses	165,977,897.35	124,622,622.12
Financial expenses	11,164,234.35	3,761,368.95
Including: interest expenses	73,229,668.93	75,661,399.93
Interest income	108,915,320.16	96,733,624.71
Add: other income	61,723,009.62	71,320,375.50

Investment income (Loss is listed with “-”)	154,731,621.05	33,377,287.02
Including: Investment income on affiliated Company and joint venture	2,444,675.51	74,962.32
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 “-”)	35,734,549.41	15,591,743.41
Loss of credit impairment (Loss is listed with “-”)	-8,516,361.52	9,455,668.24
Losses of devaluation of asset (Loss is listed with “-”)	-25,062,192.29	-17,125,818.42
Income on disposal of assets (Loss is listed with “-”)		-736,644.05
II. Operating profit (Loss is listed with “-”)	33,339,235.88	111,955,101.24
Add: Non-operating income	3,765,462.09	907,600.61
Less: Non-operating expense	1,578,179.79	250,826.67
III. Total Profit (Loss is listed with “-”)	35,526,518.18	112,611,875.18
Less: Income tax	-20,252,784.15	1,250,707.00
IV. Net profit (Net loss is listed with “-”)	55,779,302.33	111,361,168.18
(i) continuous operating net profit (net loss listed with “-”)	55,779,302.33	111,361,168.18
(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	55,779,302.33	111,361,168.18
VII. Earnings per share:		
(i) Basic earnings per share	0.0534	0.1066
(ii) Diluted earnings per share	0.0534	0.1066

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	2020	2019
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labour services	15,474,524,946.52	17,222,030,229.17
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	486,548,522.92	376,209,568.82
Other cash received concerning operating activities	159,076,641.25	172,721,366.51
Subtotal of cash inflow arising from operating activities	16,120,150,110.69	17,770,961,164.50
Cash paid for purchasing commodities and receiving labour service	12,027,673,706.26	13,458,134,618.83
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	1,431,514,956.02	1,513,839,139.23
Taxes paid	399,508,941.22	526,773,134.14
Other cash paid concerning operating activities	857,936,284.73	987,210,287.26
Subtotal of cash outflow arising from operating activities	14,716,633,888.23	16,485,957,179.46
Net cash flows arising from operating activities	1,403,516,222.46	1,285,003,985.04
II. Cash flows arising from investing activities:		
Cash received from recovering investment	937,460,000.00	3,091,000,000.00
Cash received from investment income	44,100,269.99	53,507,866.92
Net cash received from disposal of fixed, intangible and other long-term assets	1,193,743.37	20,786,170.96
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	188,247,281.95	126,761,536.28
Subtotal of cash inflow from investing activities	1,171,001,295.31	3,292,055,574.16
Cash paid for purchasing fixed, intangible and other long-term assets	364,989,816.21	326,109,415.77
Cash paid for investment	1,435,330,051.17	2,010,087,040.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	986,271.84	78,815,580.08
Subtotal of cash outflow from investing activities	1,801,306,139.22	2,415,012,035.85
Net cash flows arising from investing activities	-630,304,843.91	877,043,538.31
III. Cash flows arising from financing activities		

Cash received from absorbing investment		8,441,064.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		8,441,064.00
Cash received from loans	2,021,603,483.37	1,723,227,548.80
Other cash received concerning financing activities	28,151,427.20	
Subtotal of cash inflow from financing activities	2,049,754,910.57	1,731,668,612.80
Cash paid for settling debts	1,617,428,204.65	2,820,687,076.56
Cash paid for dividend and profit distributing or interest paying	118,512,956.15	148,244,143.81
Including: Dividend and profit of minority shareholder paid by subsidiaries	4,796,676.00	2,274,030.00
Other cash paid concerning financing activities	12,542,832.06	32,485,727.87
Subtotal of cash outflow from financing activities	1,748,483,992.86	3,001,416,948.24
Net cash flows arising from financing activities	301,270,917.71	-1,269,748,335.44
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-34,759,956.67	8,865,099.67
V. Net increase of cash and cash equivalents	1,039,722,339.59	901,164,287.58
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	6,425,529,815.10	5,385,807,475.51

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	2020	2019
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labour services	7,102,136,613.89	8,627,727,420.59
Write-back of tax received	237,614,998.44	197,261,437.46
Other cash received concerning operating activities	74,421,463.54	89,705,595.42
Subtotal of cash inflow arising from operating activities	7,414,173,075.87	8,914,694,453.47
Cash paid for purchasing commodities and receiving labour	5,957,461,284.93	7,246,530,970.04

service		
Cash paid to/for staff and workers	380,635,018.64	411,671,230.56
Taxes paid	93,192,598.56	169,363,775.87
Other cash paid concerning operating activities	219,564,169.05	415,890,005.54
Subtotal of cash outflow arising from operating activities	6,650,853,071.18	8,243,455,982.01
Net cash flows arising from operating activities	763,320,004.69	671,238,471.46
II. Cash flows arising from investing activities:		
Cash received from recovering investment	902,460,000.00	3,091,000,000.00
Cash received from investment income	112,286,752.95	58,097,866.92
Net cash received from disposal of fixed, intangible and other long-term assets	761,361.40	12,166,744.58
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	159,391,407.68	383,604,810.26
Subtotal of cash inflow from investing activities	1,174,899,522.03	3,544,869,421.76
Cash paid for purchasing fixed, intangible and other long-term assets	153,996,525.53	172,239,570.50
Cash paid for investment	1,542,169,149.17	2,016,087,040.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	262,000.00	75,496,976.70
Subtotal of cash outflow from investing activities	1,696,427,674.70	2,263,823,587.20
Net cash flows arising from investing activities	-521,528,152.67	1,281,045,834.56
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	1,593,705,833.37	1,480,244,977.59
Other cash received concerning financing activities	208,756,128.75	184,297,930.63
Subtotal of cash inflow from financing activities	1,802,461,962.12	1,664,542,908.22
Cash paid for settling debts	1,197,397,944.82	2,249,508,734.86
Cash paid for dividend and profit distributing or interest paying	103,355,298.99	133,129,179.81
Other cash paid concerning financing activities	143,243,602.49	117,503,039.34
Subtotal of cash outflow from financing activities	1,443,996,846.30	2,500,140,954.01
Net cash flows arising from financing activities	358,465,115.82	-835,598,045.79
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-20,153,571.24	6,329,365.90
V. Net increase of cash and cash equivalents	580,103,396.60	1,123,015,626.13
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	4,597,503,833.78	4,017,400,437.18
---	------------------	------------------

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

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

This Period

In RMB

Item	2020													Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company											Subtotal			
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit		Other		
	Preferred stock	Perpetual capital securities	Other												
I. Balance at the end of the last year	1,044,597,881.00				2,684,366,619.10		-18,931,430.36		410,786,860.20		884,127,743.42		5,004,947,673.36	107,027,038.74	5,111,974,712.10
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. Balance at	1,044,597,881.00				2,684,366,619.10		-18,931,430.36		410,786,860.20		884,127,743.42		5,004,947,673.36	107,027,038.74	5,111,974,712.10



the beginning of this year															
III. Increase/Decrease in this year (Decrease is listed with “-”)					-529,389.98	9,929,336.18	-2,519,653.81		5,577,930.23		-143,373,541.19		-150,773,990.93	894,244.75	-149,879,746.18
(i) Total comprehensive income							-2,519,653.81				-85,565,716.91		-88,085,370.72	5,970,801.05	-82,114,569.67
(ii) Owners’ devoted and decreased capital					-529,389.98	9,929,336.18							-10,458,726.16	320,119.70	-10,138,606.46
1.Common shares invested by shareholders					-5,605.38	9,929,336.18							-9,934,941.56		-9,934,941.56
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other					-523,784.60								-523,784.60	320,119.70	-203,664.90
(III) Profit distribution									5,577,930.23		-57,807,824.28		-52,229,894.05	-5,396,676.00	-57,626,570.05

1. Withdrawal of surplus reserves									5,577,930.23			-5,577,930.23					
2. Withdrawal of general risk provisions																	
3. Distribution for owners (or shareholders)												-52,229,894.05		-52,229,894.05		-5,396,676.00	-57,626,570.05
4. Other																	
(IV) Carrying forward internal owners' equity																	
1. Capital reserves conversed to capital (share capital)																	
2. Surplus reserves conversed to capital (share capital)																	
3. Remedying loss with surplus reserve																	
4. 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				2,683,837,229.12	9,929,336.18	-21,451,084.17		416,364,790.43		740,754,202.23		4,854,173,682.43	107,921,283.49	4,962,094,965.92

Last Period

In RMB

Item	2019														Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company												Subtotal			
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other				
	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 “-”)					-2,979.36		-787,861.10		11,136,116.82		-17,370,510.54		-7,025,234.18	-8,407,224.30	-15,432,458.48
(i) Total comprehensive income							-787,861.10				56,441,479.14		55,653,618.04	-14,209,434.27	41,444,183.77
(ii) Owners’ devoted and decreased capital					-2,979.36								-2,979.36	8,143,349.03	8,140,369.67

1.Common shares invested by shareholders														8,140,369.67	8,140,369.67
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other					-2,979.36									-2,979.36	2,979.36
(III) Profit distribution									11,136,116.82		-73,811,989.68		-62,675,872.86	-2,341,139.06	-65,017,011.92
1. Withdrawal of surplus reserves									11,136,116.82		-11,136,116.82				
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)											-62,675,872.86		-62,675,872.86	-2,341,139.06	-65,017,011.92
4. Other															
(IV) Carrying forward internal															

owners' equity																
1. Capital reserves converted to capital (share capital)																
2. Surplus reserves converted to capital (share capital)																
3. Remedying loss with surplus reserve																
4 . 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				2,684,366,619.10		-18,931,430.36		410,786,860.20		884,127,743.42		5,004,947,673.36	107,027,038.74	5,111,974,712.10

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

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

This Period

In RMB

Item	2020											
	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				410,568,694.52	945,907,861.41		5,154,091,444.03
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				410,568,694.52	945,907,861.41		5,154,091,444.03
III. Increase/ Decrease in this year (Decrease is listed with "-")					120,780.89	9,929,336.18			5,577,930.23	-2,028,521.95		-6,259,147.01
(i) Total comprehensive income										55,779,302.33		55,779,302.33
(ii) Owners' devoted and decreased capital					120,780.89	9,929,336.18						-9,808,555.29
1.Common shares invested by shareholders					-5,605.38	9,929,336.18						-9,934,941.56
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other					126,386.27							126,386.27
(III) Profit distribution									5,577,930.23	-57,807,824.28		-52,229,894.05
1. Withdrawal of surplus reserves									5,577,930.23	-5,577,930.23		
2. Distribution for owners (or shareholders)										-52,229,894.05		-52,229,894.05
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												



4 . 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				2,753,137,787.99	9,929,336.18			416,146,624.75	943,879,339.46		5,147,832,297.02

Last period

In RMB

Item	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 “-”)									11,136,116.82	37,549,178.50		48,685,295.32
(i) Total comprehensive income										111,361,168.18		111,361,168.18
(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									11,136,116.82	-73,811,989.68		-62,675,872.86
1. Withdrawal of surplus reserves									11,136,116.82	-11,136,116.82		
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 converted to capital (share capital)												
2. Surplus reserves converted 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				410,568,694.52	945,907,861.41		5,154,091,444.03

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

### **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 12<sup>th</sup> 1992 through [WanTiGaiHanZi (1992) No.039] issued by original Mechanism Reform Committee of Anhui Province. On August 30<sup>th</sup> 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. 18<sup>th</sup>, 1993 in Shenzhen Stock Exchange. On August 13<sup>th</sup>, 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 28<sup>th</sup>, 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

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

the Company (accounting for 7.76% in total shares) held by Changhong Group Company. On 23 December 2008, “Reply of Transfer Freely of Part of the Shares of Hefei Meiling Co., Ltd. held by State-owned shareholders” [GZCQ (2008) No. 1413] issued by SASAC agrees the above said share transferring.

On 24 December 2010, being deliberated and approved in 32<sup>nd</sup> Session of 6<sup>th</sup> BOD and 2<sup>nd</sup> 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 RMB 0.5 (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 12<sup>th</sup> Session of the 8<sup>th</sup> 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 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 Shine Wing Certified Public Accountants

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

(LLP).

Ended as 31 December 2020, total share capital of the Company amounting to 1,044,597,881 shares with ordinary shares in full. Among which, 881,733,881 shares of A-share accounting 84.41% in total shares while B-share with 162,864,000 shares accounting 15.59% in total shares. Detail share capital as:

Type of stock	Quantity	Proportion
<b>(I)Restricted shares</b>	<b>10,472,676</b>	<b>1.00%</b>
1. State-owned shares		
2. State-owned legal person's shares	1,653,735	0.16%
3. Other domestic shares	7,551,521	0.72%
Including: Domestic legal person's shares	3,978,329	0.38%
Domestic natural person's shares	3,573,192	0.34%
4. Foreign shares	1,267,420	0.12%
Including: Overseas legal person's shares		
Overseas natural person's shares	1,267,420	0.12%
<b>(II)Unrestricted shares</b>	<b>1,034,125,205</b>	<b>99.00%</b>
1. RMB Ordinary shares	872,528,625	83.53%
2. Domestically listed foreign shares	161,596,580	15.47%
3. Overseas listed foreign shares		
4. Others		
<b>Total shares</b>	<b>1,044,597,881</b>	<b>100.00%</b>

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 (Excluding dangerous chemicals), computer network system integration, intelligent product system integration, software development and technical information services, development, production, sales and service of automation equipment and electronic products, sales services of cold chain transport vehicles and refrigerator and freezer van, development, production, sales and service of cold chain insulation boxes, research and development, production, sales and service of cold storage, commercial freezer chain display cabinets, commercial cold chain products. (Projects that require approval in accordance

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

with the law can only be operated after approval by relevant departments)

### **II. Scope of consolidated financial statement**

In the reporting period, the consolidated financial statements of the Company cover 31 subsidiaries, including Sichuan Changhong Air-conditioner Co., Ltd, Zhongshan Changhong Electric Co., Ltd. and Zhongke Meiling Cryogenic Technology Co., Ltd. etc. Compared with the previous year, two new subsidiaries were included in the consolidated statement scope during the reporting period, that is CH-Meiling International (Philippines) Inc. and Hefei Changhong Meiling Life Electric Co., Ltd. And the subsidiary Guangxi Huidian Household Appliances Co., Ltd. and Changmei Technology Co., Ltd. are reduced for clearing off. In addition, the subsidiaries Chengdu Meiling Electrical Marketing Co., Ltd., Fuzhou Meiling Electrical Marketing Co., Ltd., Nanjing Meiling Electrical Marketing Co., Ltd., Hangzhou Meiling Electrical Marketing Co., Ltd., Shanghai Meiling Electrical Marketing Co., Ltd., and Beijing Meiling Electrical Marketing Co., Ltd. were decreased due to the merger.

More details can be seen in the report “VII. Changes in the scope of the merger” and “XIII. Equity in other entities” carry in the Note

### **III. Basis for preparation of financial statement**

#### **1. Basis for preparation**

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

#### **2. Continuous operation**

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

### **IV. Significant Accounting Policy and accounting Estimation**

#### **1. Statement on observation of accounting standards for enterprise**

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

#### **2. Accounting period**

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

#### **3. Operation cycle**

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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 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.



## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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 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.

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

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

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

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

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

### **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

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

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 not recognized as cash; while if can be used for such purpose, it would be recognized as cash. Guarantee deposit over three months in other monetary capital shall not be recognized as cash equivalents, and those less than three months are recognized as cash equivalents.

### **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 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 "Retained 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

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

of cash affected by exchange rate movement shall be listed separately in cash flow statement.

### 10. Financial assets and liabilities

A financial asset or liability is recognized when the group 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 group 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 Group's enterprises manage the financial assets and the cash flow characteristics of the financial assets.

##### 1) The financial assets measured at amortized cost

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 Group 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

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

within one year, and lists the debt investment with time limit within one year (including one year) when acquired as other current assets.

### 2) 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 Group'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.

### 3) Financial assets measured at fair value and whose changes are included in 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 Group 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.

### (3) Devaluation of financial instrument

On the basis of expected credit losses, the Group 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

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

---

rate adjusted by credit.

The Group 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 Group 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 Group 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 Group 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 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.).

(4) 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; ② The financial assets has already been transferred, and the Company has transferred almost all risks and remunerations of financial assets ownership to the transferee; ③ The financial assets has been transferred, even though the Company has neither transferred nor kept almost all risks and remunerations of financial assets ownership, the Company has given up controlling the financial assets.

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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 Group 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.

### (5) Category and measurement of financial liability

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 trading 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

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

consistent with the conditions to be classified as trading 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.

### ③ Financial 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 terminated for recognized when all or part of the current obligation of the financial liability has been discharged. The Group (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, terminated for recognized the existing financial liabilities and at the same time recognize the new financial liabilities. If the financial liability is terminated for recognized in whole or in part, the difference between the carrying amount of the part that terminated for recognized and the 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 Group 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



## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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 Group. 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 Group's various distributions to equity instrument holders (excluding stock dividends) reduce shareholders' equity.

### 11. Inventory

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 contract performance costs.

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 and the mould shall be amortized within one year after receipt.

Inventory at period-end is valued by the Lower-of-value between the cost and net realizable value. The provision for inventory depreciation shall be drawn from the difference between the book cost of a single

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

inventory item and its net realizable value, and the provision for inventory depreciation shall be recorded into the current profit and loss.

### 12. Contract assets

#### (1) Confirmation methods and standards of contract assets

Contract assets refer to the right of the Company to receive consideration after transferring goods to customers, and this right depends on factors other than the passage of time. If the Company sells two clearly distinguishable commodities to a customer and has the right to receive payment because one of the commodities has been delivered, but the payment is also dependent on the delivery of the other commodity, the Company shall take the right to receive payment as a contract asset.

#### (2) Determination method and accounting treatment method of expected credit loss of contract assets

For the determination method for expected credit loss of contract assets, please refer to the above-mentioned 10. (3) Accounting treatment methods for financial instrument impairment. The Company calculates the expected credit loss of contract assets on the balance sheet date, if the expected credit loss is greater than the book value of provision for impairment of contract assets, the Company shall recognize the difference as an impairment loss, debiting the "asset impairment loss" and crediting the "contract asset impairment provision". On the contrary, the Company shall recognize the difference as an impairment gain and keep the opposite accounting records.

If the Company actually incurs credit losses and determines that the relevant contract assets cannot be recovered, for those approved to be written off, debit the "contract asset impairment reserve" and credit the "contracted asset" based on the approved write-off amount. If the written-off amount is greater than the provision for loss that has been withdrawn, the "asset impairment loss" is debited based on the difference.

### 13. Contract cost

#### (1) The method of determining the amount of assets related to the contract cost

The Company's assets related to contract costs include contract performance cost and contract acquisition cost.

The contract performance cost is the cost incurred by the Company for the performance of the contract, those that do not fall within the scope of other accounting standards and meet the following conditions at the same time are recognized as an asset as the contract performance cost: the cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clarified to be borne by the customer, and other costs incurred solely due to the contract; this cost increases the Company's future resources for fulfilling the contract's performance obligations; this cost is expected to be recovered.

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

Contract acquisition cost is the incremental cost incurred by the Company to obtain the contract, those that are expected to be recovered are recognized as the contract acquisition cost as an asset; if the asset amortization period does not exceed one year, it shall be included in the current profit and loss when it occurs. Incremental cost refers to the cost (such as sales commission, etc.) that will not incur if the Company doesn't obtain the contract. The Company's expenses (such as travel expenses incurred regardless of whether the contract is obtained) incurred for obtaining the contract other than the incremental costs expected to be recovered are included in the current profits and losses when they are incurred, except those are clarified to be borne by the customer.

### (2) Amortization of assets related to contract costs

The Company's assets related to contract costs are amortized on the same basis as the recognition of commodity income related to the asset and included in the current profit and loss.

### (3) Impairment of assets related to contract costs

When the Company determines the impairment loss of assets related to the contract cost, it first determines the impairment loss of other assets related to the contract that are confirmed in accordance with other relevant accounting standards for business enterprises; then based on the difference between the book value of which is higher than the remaining consideration that the Company is expected to obtain due to the transfer of the commodity related to the asset and the estimated cost of transferring the related commodity, the excess shall be provided for impairment and recognized as an asset impairment loss.

If the depreciation factors of the previous period changed later, causing the aforementioned difference to be higher than the book value of the asset, the original provision for asset impairment shall be reversed and included in the current profit and loss, but the book value of the asset after the reversal shall not exceed the book value of the asset on the reversal date under the assumption that no impairment provision is made.

## 14. *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 kind of long-term equity investment acquired through cash payment, for which the actual payment for the purchase*

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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 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 Accounting Standards for Business Enterprise 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

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

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.

### 15. 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:

Category	Depreciation term(Year)	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 real estate 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.

### 16.Fixed assets

Fixed assets of the Company are tangible assets that are also held for the production of goods, provision of services, rental or management of operations, have a useful life of more than one year and have a unit value of more than 2,000 yuan.

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

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

occurred before construction completion of the assets arriving at the estimated utilization state; credit value of the fixed assets injected by investors is determined based on the agreed value of investment contracts or agreements, while as for the agreed value of investment contracts or agreements which is not fair, it shall take its fair value as credit value; and for fixed assets which are leased in through finance leasing, credit value is the lower of fair value of leased assets and present value of minimized leasing payment as at the commencing date of leasing.

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

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

No.	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%

End of each year, 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.

### 17. Construction in progress

On the day when the construction in progress reaches the expected usable state, it will be carried forward to fixed assets according to the estimated value based on the construction budget, cost or actual construction cost, and depreciation will be accrued from the next month, and the difference in the original value of fixed assets shall be adjusted after the completion of the final accounting procedures.

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

### **18. Borrowing expense**

For the incurred borrowing expense that can be directly attributable to fixed assets, investment real estate, and inventory which require more than one year of purchase, construction or production activities to reach the intended usable or saleable state, the capitalization begins when the asset expenditure has occurred, the borrowing expense have occurred, and the acquisition, construction or production activities necessary to make the asset reach the intended usable or saleable state have begun; when the acquisition, construction or production of assets that meet the capitalization conditions reaches the intended usable or saleable state, stop the capitalization, the borrowing expense incurred thereafter are included in the current profit and loss. If an asset that meets the capitalization conditions is abnormally interrupted during the acquisition, construction or production process, and the interruption lasts for more than 3 months, the capitalization of borrowing expense shall be suspended until the acquisition, construction or production activities of the asset restart.

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

### **19. Intangible assets**

The Company's intangible assets include land use rights, trademark rights and non-proprietary technology, which are measured at actual cost at the time of acquisition, of which, acquired intangible assets are stated at actual cost based on the price actually paid and related other expenditure; the actual cost of an intangible asset invested by an investor is determined at the value agreed in the investment contract or agreement, except where the agreed value in the contract or agreement is not fair, in which case the actual cost is determined at fair value.

The land use rights are amortized equally over the period from the commencement date of the grant; the remaining intangible assets are amortized equally over the shortest of the estimated useful life, the contractual beneficial life and the effective life as prescribed by law. Amortization is charged to the cost of the relevant asset and to current profit or loss in accordance with the object of its benefit. The estimated useful life and amortization method for intangible assets with finite useful lives are reviewed at the end of each year and any changes are treated as changes in accounting estimates.

### **20. Research and development**

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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:

- Completions of the intangible assets make it available for application or sell in technology;
- Equipped with plan to complete the intangible asset and apply or sell it;
- There is market for products produced with this intangible asset or the intangible asset itself;
- Have sufficient technology, financial resource and other resources to support development of the intangible assets, and have ability to apply or sell the assets;
- 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.

### 21. Impairment of long-term assets

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

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

Indications for impairment are as follows:

- (1) Market value of asset drops a lot in current period, the drop scope is obviously greater than the predicted drop due to move-on of times or normal utilization;
- (2) Economy, technology or law environment where enterprise operates or market where asset is located will



## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

have significant change in current or recent periods, which brings negative influence to enterprise;

(3) Market interest rate or returning rate of other market investments have risen in current period, which brings influence in calculating discount rate of present value of predicted future cash flow of assets, which leads to a great drop in recoverable amount of such assets;

(4) Evidence proving that asset is obsolete and out of time or its entity has been damaged;

(5) Asset has been or will be keep aside, terminating utilization or disposed advance;

(6) Internal report of enterprise shows that economic performance of asset has been or will be lower than prediction, such as that net cash flow created by asset or operation profit (or loss) realized by asset is greatly lower (or higher) than the predicted amount;

(7) Other indications showing possible impairment of assets

### **22. Contract liability**

Contract liabilities reflect the Company's obligation to transfer goods to customers for consideration received or receivable from customers. Before the Company transfers the goods to the customer, if the customer has paid the contract consideration or the Company has obtained the right to unconditionally receive the contract consideration, the contract liability is recognized based on the received or receivable amount at the earlier time point of the actual payment by the customer and the payment due.

### **23. 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.

### **24. 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

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

scheme, and non-monetary benefits as well as other short-term remuneration. During the accounting period when staff provides services, the short-term remuneration actually occurred is recognized as liabilities and shall be included in current gains and losses or related asset costs according to the beneficial items.

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

The early retirement policy for staff and workers of the Company is the compensation for encouraging staff and workers to accept the reduction voluntarily. The employees make applications 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.

### **25. 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.

### **26. 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 Company has fulfilled the performance obligations in the contract, that is, revenue is recognized when the customer obtains control of the relevant goods or services.

If the contract contains two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation according to the relative proportion of the stand-alone selling price of the goods or services promised by each individual performance obligation on the date of the contract. The

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

revenue is measured according to the transaction price of each individual performance obligation.

The transaction price is the amount of consideration that the Company expects to be entitled to receive due to the transfer of goods or services to customers, excluding payments on behalf of third parties. The transaction price confirmed by the Company does not exceed the amount at which the cumulatively recognized revenue will most likely not to undergo a significant switch back when the relevant uncertainty is eliminated. The money expected to be returned to the customer will be regarded as a return liability and not included in the transaction price. If there is a significant financing component in the contract, the Company shall determine the transaction price based on the amount payable on the assumption that the customer pays in cash when obtaining the control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest method during the contract period. On the starting date of the contract, if the Company expects that the interval between the customer's acquisition of control of the goods or services and the customer's payment of the price doesn't exceed one year, the significant financing components in the contract shall be ruled out.

When meeting one of the following conditions, the Company is to perform its performance obligations within a certain period of time, otherwise, it is to perform its performance obligations at a certain point in time:

- 1) The customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company's performance;
- 2) Customers can control the products under construction during the performance of the Company;
- 3) The goods produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to collect payment for the accumulated performance part of the contract during the entire contract period.

For performance obligations performed within a certain period of time, the Company recognizes revenue in accordance with the performance progress during that period and determine the progress of performance in accordance with the output method. When the performance progress cannot be reasonably determined, if the cost incurred by the Company is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point in time, the Company recognizes revenue at the point when the customer obtains control of the relevant goods or services. When judging whether a customer has obtained control of goods or services, the Company will consider the following signs:

- 1) The Company has the current right to collect payment for the goods or services;
- 2) The Company has transferred the goods in kind to the customer;
- 3) The Company has physically transferred the goods to the customer;
- 4) The Company has transferred the principal risks and rewards of ownership of the goods to the customer;

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

5) The customer has accepted the goods or services, etc.

The Company's right to receive consideration for goods or services that have been transferred to customers are presented as contractual assets, which are impaired on the basis of expected credit losses. The Company's unconditional right to receive consideration from customers is shown as a account receivable. The obligation to transfer goods or services to customers for which the Company has received consideration receivable from them is shown as a contractual liability.

### **27. Government subsidy**

Government subsidy of the Company include project grants, financial subsidies and job stabilization subsidies. Of which, asset-related government subsidy are government subsidy acquired by the Company for the acquisition or other formation of long-term assets; government subsidy related to revenue are government subsidy other than those related to assets. If the government document does not clearly specify the subsidy object, the Company will judge according to the above-mentioned distinguishing principle. If it is difficult to distinguish, it will be overall classified as a government subsidy related to income.

If government subsidies are monetary assets, they are measured according to the amount actually received. For subsidies paid on the basis of a fixed quota standard, when there is conclusive evidence at the end of the year that it can meet the relevant conditions stipulated by the financial support policy and is expected to receive financial support funds, they are measured according to the amount receivable. If the government subsidy is a non-monetary asset, it shall be measured at its fair value, when the fair value cannot be obtained reliably, it shall be measured at its nominal amount (1 yuan).

Government subsidies related to assets are recognized as deferred income. Asset-related government subsidies that are recognized as deferred income are included in the current profit and loss in installments according to the average life method during the useful life of the relevant assets.

If the relevant asset is sold, transferred, scrapped or damaged before the end of its useful life, the undistributed deferred income balance shall be transferred to the current profit and loss of asset disposal.

### **28. 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 taxable income (or deductible losses),

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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 taxable income tax which is likely to be obtained to offset deductible temporary difference, deductible losses and tax credits.

### 29. Lease

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

The financial leasing 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 leasing. 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.

### 30. Held-for-sale

(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

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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.

(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

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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.

### **31. 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.

### **32. Income tax accounting**

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

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

### **33. Segment information**

Business segment was the major reporting form of the Company, which divided into four parts: air-conditioning, refrigerator & freezer & washing machine, small home appliance 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.

### **34. 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

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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's provision for impairment of inventories on the balance sheet date is the part of the net realizable value lower than the cost of inventories. The net realizable value of the inventory of goods that are directly used for sale, such as the goods in stock, the goods sent out, and the materials for sale, and the low-consumption goods, shall be determined by the amount of the estimated selling price of the inventory minus the estimated selling expenses and relevant taxes. The net realizable value of the material inventory held for production is determined by the amount of the estimated selling price of the finished product produced minus the estimated cost to be incurred at the time of completion, the estimated selling expenses and relevant taxes.

### (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 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



## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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 (probability, proportion, maintenance expense per single set) based on the actual occurrence of maintenance expenses as of each balance sheet date. If obvious change is found, the Company will adjust the projected liabilities according to the latest parameters so as to reflect the best estimation.

### 35. 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;

(2) Other comprehensive income items that will be reclassified into gains and losses in future accounting periods upon satisfaction of required conditions, mainly includes the share of other comprehensive income that is reclassified into profit and loss when the investee's subsequent accounting periods are accounted for in accordance with the equity method and meet the specified conditions, the fair value changes occurred by the debt investment that is 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 when a financial asset measured at amortized cost is reclassified as a financial asset measured at fair value and its changes are included in other comprehensive income, the loss provisions for financial assets measured at fair value and whose changes are included in other comprehensive income, the gains or losses generated from cash flow hedging instruments are part of effective hedging, and the differences in conversion of foreign currency financial statements.

### 36. Change of significant accounting policies and accounting estimates

#### (1) Change of significant accounting policy

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Content and reasons	Approval procedure	Note
In 2017, the Ministry of Finance amended the Accounting Standards for Business Enterprises No.14- Revenue (Cai Kuai [2017] No.22), and the Company implemented the relevant accounting standards in preparing its financial statements for the year of 2020 and in accordance with the relevant convergence provisions.	Relevant change of the accounting policy has been deliberated and approved by the 41 <sup>st</sup> session of 9 <sup>th</sup> BOD	

Items and amounts of the statement items materially affected are as follows:

Item affected	Consolidate statement			Parent company's statement		
	2019-12-31 Before adjustment	Amount adjusted	2020-1-1 After adjustment	2019-12-31 Before adjustment	Amount adjusted	2020-1-1 After adjustment
Account received advance	425,149,194.97	-425,149,194.97		147,365,864.56	-147,365,864.56	
Contractual liability		371,713,321.84	371,713,321.84		130,412,269.52	130,412,269.52
Other current liability		53,435,873.13	53,435,873.13		16,953,595.04	16,953,595.04

(2) Change of significant accounting estimates: N/A

(3) Implementation of the new revenue standard fro 2020 (for the first time) adjusts the information on the relevant items in the financial statements at the beginning of the year of implementation

Notes to the adjustment of consolidation and parent company's balance sheet: in accordance with the new revenue standards exercise on 1 Jan. 2020, reclassification of the portion of an enterprise's obligation to transfer goods to a customer for consideration received or receivable from the customer to a contractual liability, at the same time, the pending sales tax, corresponding to the contract liabilities, is also included in items of other current liability. Found more in 36 (1) for specific adjustments.

(4) There are no retrospective adjustments to prior period data for the implementation of the new revenue standard from 2020 (for the first time)

## V. Taxation

### 1. Major taxes and tax rates

Tax (expenses)	Tax (expenses) base	Tax (expenses) rate
VAT	Income from sales of goods and from processing	13%, 9%, 6%, 5%, 3%
Urban maintenance and construction tax	Turnover tax	5% or 7%
Education surcharge	Turnover tax	3%
Local education	Turnover tax	2%

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Tax (expenses)	Tax (expenses) base	Tax (expenses) rate
surcharge		
Corporate income tax	Taxable income	15%, 20%, 25%, 30%, 33%
House Property Tax	Original Book value of house property×(1-30%)or annual rent income	1.2% or 12%
Land use tax	Actual land area used	1 Yuan/M <sup>2</sup> to 15 Yuan /M <sup>2</sup>

Description of taxpayers with different corporate income tax rates:

Name	Income tax rate
Changhong Meiling Co., Ltd.	15%
Zhongke Meiling Cryogenic Technology Co., Ltd.	15%
Zhongshan Changhong Electric Co., Ltd.	15%
Sichuan Hongmei Intelligent Technology Co., Ltd.	15%
Mianyang Meiling Refrigeration Co., Ltd.	15%
Changhong Meiling Ridian Technology Co., Ltd.	15%
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	15%
Hefei Meiling Nonferrous Metal Products Co., Ltd.	15%
Jiangxi Meiling Electric Co., Ltd.	15%
Sichuan Changhong Air Conditioning Co., Ltd.	15%
Anhui Tuoxing Technology Co., Ltd.	20%
Guangzhou Changhong Trading Co., Ltd.	20%
CH-Meiling International (Philippines) Inc.	30%
Changhong Ruba Trading Company (Private) Limited	33%

### 2. Preferential tax

(1) On August 17, 2020, the company obtained the high-tech enterprise certificate numbered GR202034000222 approved by the Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Finance, and Anhui Provincial Taxation Bureau of the State Administration of Taxation, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

(2) On August 17, 2020, the subsidiary Zhongke Meiling Cryogenic Technology Co., Ltd. obtained the high-tech enterprise certificate numbered GR202034000072 approved by the Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Finance, and Anhui Provincial Taxation Bureau of the State Administration of Taxation, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

for three years term.

(3) On December 9, 2020, the subsidiary Zhongshan Changhong Electric Co., Ltd., was included in the "Notice on Publicizing the List of the Second Batch of High-tech Enterprises to be Recognized in Guangdong Province in 2020" published by the Office of the National High-tech Enterprise Certification Management Leading Group, and continues to enjoy 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

(3) The subsidiary Sichuan Hongmei Intelligent Technology Co., Ltd. has passed the qualification of high-tech enterprise certification on 9 December 2020, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

(4) 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.

(5) The subsidiary Guangdong Changhong Meiling Ridian Technology Co., Ltd. has passed the qualification of high-tech enterprise certification on 2 December 2019, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

(6) The subsidiary Hongyuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd. has passed the qualification of high-tech enterprise certification on 2 December 2019, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

(7) The subsidiary Hefei Meiling Nonferrous Metal Products Co., Ltd. has passed the qualification of high-tech enterprise certification on 26 October 2018, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

(8) The subsidiary Jiangxi Meiling Electric Appliance Co., Ltd. has passed the qualification of high-tech enterprise certification on 16 September 2019, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

(9) The subsidiary Sichuan Changhong Air-conditioner Co., Ltd., belongs to the encouraged industry in the *Industrial Structure Adjustment Guidance Catalog* and enjoys the preferential taxation policy of corporate income tax for the Western Development, and the corporate income tax is levied at a reduced tax rate of 15%, valid until December 31, 2030.

(10) The subsidiary Anhui Tuoxing Technology Co., Ltd. is in compliance with the relevant standards for

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

small and medium-sized enterprises with meager profits in the Notice on the Implementation of Inclusive Tax Relief Policies for Small and Micro Enterprises (Caishui [2019] No. 13) of the Ministry of Finance and the State Administration of Taxation, and temporarily implements below policies: the part of annual taxable income that does not exceed one million yuan is included in taxable income by 25% after a reduction, and corporate income tax is paid at a tax rate of 20%; while the part of annual taxable income exceeds one million yuan but not exceeding three million yuan is included in taxable income by 50% after a reduction, and corporate income tax is paid at a tax rate of 20%, which is valid until December 31, 2021.

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

With respect to the financial statements figures disclosed below, unless otherwise specified, “year-beginning” refers to Jan. 1, 2020; “year-end” refers to Dec. 31, 2020; “Current Year” refers to Jan. 1 to Dec. 31, 2020; “the last year” refers to Jan. 1 to Dec. 31, 2019; the currency is RMB.

#### 1. Monetary fund

Item	Balance at year-end	Balance at year-begin
Cash	35,088.07	44,818.07
Bank deposit	6,100,644,898.32	4,771,094,609.77
Other Monetary fund	484,232,497.85	728,461,602.80
Interest receivable on deposit	9,874,305.74	
<b>Total</b>	<b>6,594,786,789.98</b>	<b>5,499,601,030.64</b>
Including: total amount deposited in overseas	11,293,949.64	25,326,137.49

#### Other monetary fund:

Item	Amount at year-end
Cash deposit	444,087,381.64
B share repurchase	33,993,171.95
Account of foreign currency for verification	5,145,493.12
Co-managed account funds	503,170.44
Taobao account	486,333.43
Union Pay online	16,947.27
<b>Total</b>	<b>484,232,497.85</b>

Cash deposit which serves as non cash and cash equivalents refers to the banking acceptance draft deposit with a term of over three months, amounting to 107,629,498.70 yuan, the amount restricted for used in managed account was 503,170.44 yuan, bank deposits of 51,100,000.00 yuan frozen due to litigation, China Union Pay, Taobao account and Ten Pay are all third party payment platforms for the deposit of 150,000.00 yuan and interest receivable from deposits of 9,874,305.74 yuan, the remaining Monetary funds are treated as cash and cash equivalents.

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

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	Balance at year-end	Balance at year-begin
Financial assets measured at fair value and whose changes are included in current gains/losses	47,242,339.07	7,730,268.92
Including: Derivative financial assets	47,242,339.07	7,730,268.92

Tradable financial assets refers to the RMB forward exchange fund in Current Year

### 3. Note receivable

#### (1) Category of note receivable

Item	Balance at year-end	Balance at year-begin
Bank acceptance	13,023,329.01	1,676,718,999.50
Trade acceptance	335,880,000.00	190,350,000.00
<b>Total</b>	<b>348,903,329.01</b>	<b>1,867,068,999.50</b>
Less: bad debt provision	8,481,942.30	1,903,500.00
<b>Book value</b>	<b>340,421,386.71</b>	<b>1,865,165,499.50</b>

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

Item	Amount derecognition at year-end	Amount without derecognition at year-end
Bank acceptance		
Trade acceptance	478,592,805.79	257,880,000.00
<b>Total</b>	<b>478,592,805.79</b>	<b>257,880,000.00</b>

#### (3) Notes transfer to account receivable due for failure implementation by drawer at year-end

#### (4) By accrual of bad debt provision

Category	Amount at year-end				Book value
	Book balance		Bad debt provision		
	Amount	Ratio	Amount	Ratio	
With bad debt provision accrual on single item	13,023,329.01	3.73%	300,000.00	230%	12,723,329.01
Including: bank acceptance	13,023,329.01	3.73%	300,000.00	230%	12,723,329.01
With bad debt provision accrual on portfolio	335,880,000.00	96.27%	8,181,942.30	2.44%	327,698,057.70
Including: trade acceptance	335,880,000.00	96.27%	8,181,942.30	2.44%	327,698,057.70

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Category	Amount at year-end				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
<b>Total</b>	<b>348,903,329.01</b>	<b>100.00%</b>	<b>8,481,942.30</b>	<b>2.43%</b>	<b>340,421,386.71</b>

(Continued)

Category	Amount at year-begin				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
With bad debt provision accrual on single item	1,676,718,999.50	89.80%			1,676,718,999.50
Including: bank acceptance	1,676,718,999.50	89.80%			1,676,718,999.50
With bad debt provision accrual on portfolio	190,350,000.00	10.20%	1,903,500.00	1.00%	188,446,500.00
Including: trade acceptance	190,350,000.00	10.20%	1,903,500.00	1.00%	188,446,500.00
<b>Total</b>	<b>1,867,068,999.50</b>	<b>100.00%</b>	<b>1,903,500.00</b>	<b>0.10%</b>	<b>1,865,165,499.50</b>

1) Note receivable withdrawal bad debt provision on single item

Name	Balance at year-end			
	Book balance	Bad debt provision	Provision ratio (%)	Provision reason
Bank acceptance	12,723,329.01			Minimal risk, holding maturity acceptance
Bank acceptance	300,000.00	300,000.00	100.00%	The bill has been collected by the bank
<b>Total</b>	<b>13,023,329.01</b>	<b>300,000.00</b>	<b>—</b>	<b>—</b>

2) Note receivable withdrawal bad debt provision by combination

Account age	Balance at year-end		
	Note receivable	Bad debt provision	Provision ratio
Within 3 months (3 months included)	282,289,530.00	2,822,895.30	1.00%
More than 3 months and less than 6 months (6 months included)	53,590,470.00	5,359,047.00	10.00%
<b>Total</b>	<b>335,880,000.00</b>	<b>8,181,942.30</b>	

(5) Bad debt provision of note receivable that has been accrued, withdrawn, and reversed this year

This year, note receivable with bad debt provision accrual amount as RMB 6,578,442.30. No note receivable that has been written off in previous years has been recovered this year.

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

(6) No note receivable actually written off in this year.

### 4. Account receivable

(1) Category of account receivable by bad debt accrual

Category	Amount at year-end				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
<b>Account receivable that withdrawal bad debt provision by single item</b>	<b>523,379,846.95</b>	<b>43.52%</b>	<b>25,905,935.37</b>	<b>4.95%</b>	<b>497,473,911.58</b>
Including: current payment with related party	397,745,724.79	33.07%	3,943,524.26	0.99%	393,802,200.53
Account receivable with letter of credit	72,037,362.43	5.99%			72,037,362.43
Account receivable with single minor amount but withdrawal single item bad debt provision	53,596,759.73	4.46%	21,962,411.11	40.98%	31,634,348.62
<b>Account receivable withdrawal bad debt provision by portfolio</b>	<b>679,107,003.09</b>	<b>56.48%</b>	<b>46,305,134.01</b>	<b>6.82%</b>	<b>632,801,869.08</b>
Including: account receivable of engineering customers	173,638,731.59	14.44%	13,008,672.00	7.49%	160,630,059.59
Receivables other than engineering customers	505,468,271.50	42.04%	33,296,462.01	6.59%	472,171,809.49
<b>Total</b>	<b>1,202,486,850.04</b>	<b>100.00%</b>	<b>72,211,069.38</b>	<b>6.01%</b>	<b>1,130,275,780.66</b>

(Continued)

Category	Amount at year-begin				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
<b>Account receivable that withdrawal bad debt provision by single item</b>	<b>746,199,837.64</b>	<b>51.49%</b>	<b>26,519,983.66</b>	<b>3.55%</b>	<b>719,679,853.98</b>
Including: current payment with related party	614,612,878.93	42.41%			614,612,878.93
Account receivable with letter of credit	52,306,821.66	3.61%			52,306,821.66
Account receivable with single minor amount but withdrawal single item bad debt provision	79,280,137.05	5.47%	26,519,983.66	33.45%	52,760,153.39
<b>Account receivable withdrawal bad debt provision by portfolio</b>	<b>703,054,274.21</b>	<b>48.51%</b>	<b>34,772,146.53</b>	<b>4.95%</b>	<b>668,282,127.68</b>
Including: account receivable of engineering customers	141,637,042.88	9.77%	3,940,749.05	2.78%	137,696,293.83
Receivables other than engineering customers	561,417,231.33	38.74%	30,831,397.48	5.49%	530,585,833.85
<b>Total</b>	<b>1,449,254,111.85</b>	<b>100.00%</b>	<b>61,292,130.19</b>	<b>4.23%</b>	<b>1,387,961,981.66</b>

1) Account receivable that withdrawal bad debt provision by single item

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



## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

receivables, 76 clients involved.

### 2) Account receivable withdrawal bad debt provision by portfolio

#### A. Account receivable of engineering customers

Account age	Balance at year-end		
	Book balance	Bad debt provision	Provision ratio (%)
Within 3 months (3 months included)	67,204,732.79		0.00%
More than 3 months and less than 6 months (6 months included)	7,907,641.48		0.00%
Over 6 months and within one year (One year included)	45,690,126.79		0.00%
Over one year - within 2 years (2 years included)	44,698,144.23	8,939,628.85	20.00%
Over 2 years - within 3 years (3 years included)	8,138,086.30	4,069,043.15	50.00%
Over 3 years			
<b>Total</b>	<b>173,638,731.59</b>	<b>13,008,672.00</b>	—

#### B. Receivables other than engineering customers

Account age	Balance at year-end		
	Book balance	Bad debt provision	Provision ratio (%)
Within 3 months (3 months included)	412,523,951.50	4,125,239.52	1.00%
More than 3 months and less than 6 months (6 months included)	39,054,407.32	3,905,440.73	10.00%
Over 6 months and within one year (One year included)	20,517,859.18	4,103,571.84	20.00%
Over one year - within 2 years (2 years included)	19,648,475.02	9,824,237.51	50.00%
Over 2 years - within 3 years (3 years included)	11,928,030.36	9,542,424.29	80.00%
Over 3 years	1,795,548.12	1,795,548.12	100.00%
<b>Total</b>	<b>505,468,271.50</b>	<b>33,296,462.01</b>	

#### (2) By account age

Account age	Balance at year-end
-------------	---------------------

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Account age	Balance at year-end
Within 3 months (3 months included)	827,575,650.32
More than 3 months and less than 6 months (6 months included)	114,077,060.79
Over 6 months and within one year (One year included)	81,325,161.45
Over one year - within 2 years (2 years included)	134,016,062.26
Over 2 years - within 3 years (3 years included)	32,482,491.24
Over 3 years	13,010,423.98
<b>Total</b>	<b>1,202,486,850.04</b>

### (3) Bad debt provision of accounts receivable this year

Category	Balance at year-begin	Changes this year				Balance at year-end
		Accrual	Withdrawal or reversal	Resale or write-off	Other decreases	
Bad debt provision	61,292,130.19	19,547,917.73	5,039,635.85	1,780,105.94	1,809,236.75	72,211,069.38
<b>Total</b>	<b>61,292,130.19</b>	<b>19,547,917.73</b>	<b>5,039,635.85</b>	<b>1,780,105.94</b>	<b>1,809,236.75</b>	<b>72,211,069.38</b>

### (4) Account receivable actually written-off in Current Year

Item	Written-off amount
Account receivable written-off	1,780,105.94

(5) Top five receivables collected by arrears party amounting to 417,337,499.72 yuan in total, accounted for 34.71% of the receivables of Current Year-end, the bad debt provision accrual correspondingly amounting to 4,735,034.49 yuan at year-end balance.

(6) No account receivable terminated recognition due to the transfer of financial assets

(7) No assets and liability transfer Account receivable and continues to involve at year-end.

## 5. Receivables financing

Item	Balance at year-end	Balance at year-begin
Bank acceptance	1,632,388,702.83	
<b>Total</b>	<b>1,632,388,702.83</b>	

(1) Notes receivable already pledged that presented in receivables financing at the end of the year:

Item	Amount pledged at year-end
Bank acceptance	548,295,149.14

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

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. For details of the pledge of bills receivable, see Note VI. 57.

Assets with restricted ownership or use rights.

(2) Notes endorsement or discount and undue on balance sheet date listed in receivables financing at the end of the year

Item	Amount derecognition at year-end	Amount without derecognition at year-end
Bank acceptance	957,534,680.60	
Trade acceptance		
<b>Total</b>	<b>957,534,680.60</b>	

### 6. Accounts paid in advance

(1) Age of account paid in advance

Item	Balance at year-end		Balance at year-begin	
	Amount	Ratio (%)	Amount	Ratio (%)
Within one year	29,423,135.91	97.73%	23,665,135.72	93.65%
1-2 years	393,517.42	1.31%	945,375.38	3.74%
2-3 years	25,000.00	0.08%	331,164.45	1.31%
Over 3 years	263,720.07	0.88%	328,730.82	1.30%
<b>Total</b>	<b>30,105,373.40</b>	<b>100.00%</b>	<b>25,270,406.37</b>	<b>100.00%</b>

(2) Top 5 of account paid in advance in balance at year-end amounting to 15,807,170.94 yuan, accounted for 52.51% of the account.

### 7. Other account receivable

Item	Balance at year-end	Balance at year-begin
Interest receivable		9,510,208.63
Dividend receivable		661,434.48
Other account receivable	145,705,978.26	87,070,251.69
<b>Total</b>	<b>145,705,978.26</b>	<b>97,241,894.80</b>

#### 7.1 Interest receivable

(1) Category of interest receivable

Item	Balance at year-end	Balance at year-begin
------	---------------------	-----------------------

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Balance at year-end	Balance at year-begin
Interest receivable from time deposit		9,510,208.63
<b>Total</b>		<b>9,510,208.63</b>

(2) Major overdue interest: nil

### 7.2 Dividend receivable

(1) Category of dividend receivable

Item	Balance at year-end	Balance at year-begin
Huishang Bank Co., Ltd.		661,434.48

(2) Major dividends receivable with account age over 1 year: Nil

### 7.3 Other account receivable

(1) Category of other account receivable

Nature	Book balance at year-end	Book balance at year-begin
Export rebate	32,281,664.19	21,650,454.61
Cash deposit	77,754,290.83	49,470,316.18
Loans of employee's pretty cash	14,876,565.98	16,863,753.28
Related party not in consolidation statement	3,241,296.82	1,163,963.53
Advance money temporary	65,938.41	332,896.32
Other	18,375,974.37	2,645,856.29
<b>Total</b>	<b>146,595,730.60</b>	<b>92,127,240.21</b>

(2) Other account receivable bad debt reserves

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
Balance as at 1 Jan. 2020		5,004,988.52	52,000.00	5,056,988.52
Book balance of other account receivable in Current Year as at 1 Jan. 2020	—	—	—	—
--Transfer to the second stage				
-- Transfer to the third stage				
-- Reversal to the second stage				

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
-- Reversal to the first stage				
Provision in Current Year		-4,056,236.18	50,000.00	-4,006,236.18
Reversal in Current Year			22,000.00	22,000.00
Conversion in Current Year				
Write off in Current Year		109,000.00	30,000.00	139,000.00
Other change				
<b>Balance as at 31 Dec. 2020</b>		<b>839,752.34</b>	<b>50,000.00</b>	<b>889,752.34</b>

The write-off this year was due to the cancellation of the subsidiary Changmei Technology Co., Ltd. and the employee reserve funds receivable are written off.

### (3) By account age

Account age	Balance at year-end
Within 3 months (3 months included)	91,920,859.60
More than 3 months and less than 6 months (6 months included)	22,540,450.31
Over 6 months and within one year (One year included)	19,585,237.13
Over one year - within 2 years (2 years included)	5,705,751.39
Over 2 years - within 3 years (3 years included)	2,756,045.96
Over 3 years	4,087,386.21
<b>Total</b>	<b>146,595,730.60</b>

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

Name	Nature	Balance at year-end	Account age	Proportion in total other receivables at year-end	Balance at year-end of bad debt provision
SAT of Hefei Economic & Technological Development Zone	Tax rebate	32,281,664.19	Within 3 months	22.02%	
Development & Reform Bureau of Qingyuan District,	Cash deposit	16,400,000.00	Within 3 months	11.19%	

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Name	Nature	Balance at year-end	Account age	Proportion in total other receivables at year-end	Balance at year-end of bad debt provision
Baoding City					
Office of the lading group for construction of new socialist countryside in Shunyi District	Cash deposit	8,780,849.40	Within 3 months	5.99%	
Housing and Urban-Rural Development Bureau in Anguo City	Cash deposit	3,319,800.00	Within 3 months	2.26%	
Bureau of agriculture and rural affairs in Wuji County	Cash deposit	2,986,740.00	Within 3 months	2.04%	
<b>Total</b>	—	<b>63,769,053.59</b>	—	<b>43.50%</b>	

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

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

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

### 8. Inventories

#### (1) Classification of inventories

Item	Amount at year-end		
	Book balance	Inventory price decline provision/contract performance cost impairment provision	Book value
Raw materials	153,887,580.62	9,729,874.26	144,157,706.36
Stock commodities	1,227,162,291.35	73,930,262.61	1,153,232,028.74
Low value consumable articles	5,946,757.68	916,206.67	5,030,551.01
Goods in transit	245,061,800.18	9,702,391.49	235,359,408.69
Goods-in-process	8,737,073.41		8,737,073.41
Contract performance cost	119,758,145.49	97,462.80	119,660,682.69
Deferred expense for mould	49,177,500.53		49,177,500.53
<b>Total</b>	<b>1,809,731,149.26</b>	<b>94,376,197.83</b>	<b>1,715,354,951.43</b>

(Continued)

Item	Amount at year-begin		
	Book balance	Inventory price decline provision/contract performance cost impairment provision	Book value
Raw materials	151,663,007.21	8,222,896.79	143,440,110.42
Stock commodities	1,067,657,584.34	85,915,212.96	981,742,371.38

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Amount at year-begin		
	Book balance	Inventory price decline provision/contract performance cost impairment provision	Book value
Low value consumable articles	7,450,761.70	114,037.76	7,336,723.94
Goods in transit	215,898,485.10	4,872,592.90	211,025,892.20
Goods-in-process	10,181,803.47		10,181,803.47
Contract performance cost	70,738,030.16		70,738,030.16
Deferred expense for mould	36,445,257.49		36,445,257.49
<b>Total</b>	<b>1,560,034,929.47</b>	<b>99,124,740.41</b>	<b>1,460,910,189.06</b>

### (2) Provision for inventory depreciation and contract performance cost impairment provision

Item	Amount at year-begin	Increase this year		Decrease this year		Amount at year-end
		Accrual	Other	Reversal or reselling	Other	
Raw materials	8,222,896.79	7,960,477.24		6,453,499.77		9,729,874.26
Stock commodities	85,915,212.96	36,058,098.21		48,043,048.56		73,930,262.61
Goods in transit	4,872,592.90	11,167,555.08		6,337,756.49		9,702,391.49
Low value consumable articles	114,037.76	868,562.49		66,393.58		916,206.67
Contract performance cost		97,462.80				97,462.80
<b>Total</b>	<b>99,124,740.41</b>	<b>56,152,155.82</b>		<b>60,900,698.40</b>		<b>94,376,197.83</b>

### (3) Accrual for inventory falling price reserves

Item	Specific basis for determining of net realizable value	Reasons for the reversal or reselling in Current Year
Raw materials	Cost is higher than net realizable value (The processed products are decline)	For production
Stock commodities	Cost is higher than net realizable value (The market price at period-end fell)	For sale
Goods in transit	Cost is higher than net realizable value (The market price at period-end fell)	For sale
Low value consumable articles	Cost is higher than net realizable value	Already used
Contract performance cost	Engineering construction Cost is higher than net realizable value (The processed products are decline)	Already used

### 9. Other current assets

Item	Balance at year-end	Balance at year-begin
Value-added tax to be deducted	181,882,278.05	43,809,823.14
Advance payment of income tax	9,506,261.78	18,010,305.85

**Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

<b>Item</b>	<b>Balance at year-end</b>	<b>Balance at year-begin</b>
Pakistan local sales tax	2,453,792.84	1,337,337.27
Contract acquisition cost	4,511,132.31	
Other unamortized expenses		446,565.70
<b>Total</b>	<b>198,353,464.98</b>	<b>63,604,031.96</b>



## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

### 10. Long-term equity investment

Invested enterprise	Balance at year-begin	Changes in Current Year								Balance at year-end	Balance at year-end of impairment
		Additional investment	Disinvestment	Investment profit and loss confirmed by equity method	Other comprehensive income adjustment	Other changes of equity	Declaration of cash dividends or profits	Provision for impairment	Other		
<b>Associated companies</b>											
1.Hefei Xingmei Assets Management Co., Ltd.	8,554,613.73			-1,728,338.74						6,826,274.99	
2.Sichuan Zhiyijia Network Technology Co., Ltd. <sup>note 1</sup>	45,607,507.85			205,619.66			6,649,787.97			39,163,339.54	
3.Hongyuan Ground Energy Heat Tech. Co., Ltd. <sup>note 2</sup>	23,374,940.65			-1,271,831.08						22,103,109.57	
4.Sichuan Tianyou Guigu Technology Co., Ltd. <sup>note 3</sup>	2,802,223.55			47,867.96						2,850,091.51	
5.Chengdu Guigu Environmental Tech. Co., Ltd. <sup>note 4</sup>	8,217,225.92			-2,177,219.15						6,040,006.77	
6.ChanghongRuba ElectricCompany(Private)Ltd. <sup>note 5</sup>				-194,554.26	194,554.26						
7.Hefei Meiling Solar Energy Technology Co., Ltd. <sup>note 6</sup>				1,617,928.00			1,617,928.00				
<b>Total</b>	<b>88,556,511.70</b>			<b>-3,500,527.61</b>	<b>194,554.26</b>		<b>8,267,715.97</b>			<b>76,982,822.38</b>	

Note 1: 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 50 million yuan, among which, the Company made contribution of 15 million yuan with shareholding proportion of 30% and Sichuan Changhong Electric Co., LTD made contribution of 35 million yuan with shareholding proportion of 70%. In 2019, the Company increase capital of 29,087,040.00 yuan (of which: 20 million yuan reckoned in registered capital and 9,087,040 yuan reckoned in capital reserves) to

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

---

Zhiyijia with shareholding ratio up to 50%.

Note 2: subsidiary Sichuan Changhong Air Conditioner Co., Ltd (“Changhong Air Conditioner”) and Hengyouyuan Technology Development Group Co., Ltd. (“Hengyouyuan”) cooperated to establish Hongyuan Ground Energy Heat Technology Co., Ltd. on 28 October 2015. The registered capital of the company is 50 million yuan, among which, Changhong Air Conditioner contributed 24.5 million yuan, accounting for 49% of the registered capital, and Hengyouyuan contributed 25.5 million yuan, accounting for 51% of the registered capital.

Note 3: Sichuan Tianyou Guigu Technology Co., Ltd. was incorporated on 31 March 2015 with registered capital of 100 million yuan. 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 20 million yuan, accounting for 20% of the registered capital. Chengdu Southwest Jiaotong University Industry (Group) Co., Ltd made capital contribution of 20 million yuan, accounting for 20% of the registered capital. Mianyang Investment Holding (Group) Co., Ltd made capital contribution of 5 million yuan, accounting for 5% of the registered capital. Shanghai Zhongcheng Xindaya Financial Information Service Co., Ltd made capital contribution of 5 million yuan, accounting for 5% of the registered capital. Jiangsu Runye Investment Co., Ltd made capital contribution of 10 million yuan, accounting for 10% of the registered capital. Chengdu Dongyu Shangmao Co., Ltd made capital contribution of 15 million yuan, 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 4: Chengdu Guigu Environmental Tech. Co., Ltd. was incorporated on 22 May 2013 with registered capital of 40 million yuan. Our subsidiary Changhong Air Conditioner made capital contribution of 10 million yuan, accounting for 25% of the registered capital. Chengdu Jiaodao Property Development Company made capital contribution of 8 million yuan, accounting for 20% of the registered capital. Chengdu Southwest Jiaotong University Industry (Group) Co., Ltd made capital contribution of 8 million yuan, accounting for 20% of the registered capital. Mianyang Investment Holding (Group) Co., Ltd made capital contribution of 2 million yuan, accounting for 5% of the registered capital. Shanghai Zhongcheng Xindaya Financial Information Service Co., Ltd made capital contribution of 2 million yuan, accounting for 5% of the registered capital. Sichuan Shuye Jiachen Property Development Company made capital contribution of 4 million yuan, accounting for 10% of the registered capital. Chengdu Dongyu Shangmao Co., Ltd made capital contribution of 6 million yuan, accounting for 15% of the registered capital.

Note 5: Zhongshan Changhong, a subsidiary of the Company, entered into a supplemental joint venture agreement with RUBA Comprehensive Trading Company in 2017, pursuant to which,

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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 3,001,649.02 yuan on the actual 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 6: Hefei Meiling Solar Energy Technology Co., Ltd. was incorporated on April 18, 2002, with a registered capital of RMB 10 million. Subsidiary Hefei Meiling Group Holdings Limited invested RMB 3.1114 million, accounting for 31.114% of the registered capital; Hefei Huayi Investment Co., Ltd. invested RMB 4.972 million, accounting for 49.72% of the registered capital; Hefei Xingtai Asset Management Co., Ltd. invested RMB 1.9166 million, accounting for 19.166% of the registered capital.

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

### 11. Other non-current financial assets

Item	Balance at year-end	Balance at year-begin
Sichuan Changhong Group Finance Co., Ltd.	500,000,000.00	
Huishang Bank Co., Ltd.	5,000,000.00	5,000,000.00
Hongyun Fund	43,148,931.34	40,000,000.00
<b>Total</b>	<b>548,148,931.34</b>	<b>45,000,000.00</b>

### 12. Investment real estate

#### (1) Investment real estate measured at costs

Item	House and buildings	Land use right	Total
<b>I. Original book value</b>			
<b>1. Balance at year-begin</b>	<b>107,085,322.69</b>	<b>3,411,848.00</b>	<b>110,497,170.69</b>
<b>2. Increase this year</b>			
<b>3. Decrease this year</b>	<b>47,572,819.40</b>	<b>3,411,848.00</b>	<b>50,984,667.40</b>
(1) Converted to self-use assets	47,572,819.40	3,411,848.00	50,984,667.40
<b>4. Balance at year-end</b>	<b>59,512,503.29</b>		<b>59,512,503.29</b>
<b>II. Accumulated depreciation and accumulated amortization</b>			
<b>1. Balance at year-begin</b>	<b>13,173,242.66</b>	<b>980,167.90</b>	<b>14,153,410.56</b>
<b>2. Increase this year</b>	<b>2,468,454.19</b>	<b>54,092.71</b>	<b>2,522,546.90</b>
(1) Provision or amortization	2,468,454.19	54,092.71	2,522,546.90
<b>3. Decrease this year</b>	<b>10,017,655.56</b>	<b>1,034,260.61</b>	<b>11,051,916.17</b>
(1) Converted to self-use assets	10,017,655.56	1,034,260.61	11,051,916.17
<b>4. Balance at year-end</b>	<b>5,624,041.29</b>		<b>5,624,041.29</b>
<b>III. Impairment loss</b>			
<b>IV. Book value</b>			
<b>1. Ending book value</b>	<b>53,888,462.00</b>		<b>53,888,462.00</b>
<b>2. Opening book value</b>	<b>93,912,080.03</b>	<b>2,431,680.10</b>	<b>96,343,760.13</b>

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

(3) Particular about mortgage of investment property at year-end.

Name	Original book value	Accumulated depreciation	Impairment provision	Book value
House and buildings	5,795,017.72	2,155,236.77		3,639,780.95

(4) Investment real estate without property certification held

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Book value	Reasons for failing to complete property rights certificate
J04 workshop	29,587,163.79	Related property rights in procedure
J03 workshop	17,814,585.11	Related property rights in procedure
J20 air compressor station workshop	1,255,155.67	Related property rights in procedure
J18 opening and closing office	581,077.82	Related property rights in procedure
<b>Total</b>	<b>49,237,982.39</b>	

### 13. Fixed assets

Item	Book value at year-end	Book value at year-begin
Fixed assets	2,315,983,923.20	2,104,697,429.76
Disposal of fixed assets	75,875,517.11	75,875,517.11
<b>Total</b>	<b>2,391,859,440.31</b>	<b>2,180,572,946.87</b>

#### 13.1 Fixed assets

##### (1) Fixed assets

Item	House and buildings	Machinery equipment	Transport equipment	Other equipment	Total
<b>I Original book value</b>					
<b>1 Balance at year-begin</b>	<b>1,523,939,695.75</b>	<b>1,503,518,277.04</b>	<b>33,309,514.17</b>	<b>179,439,886.87</b>	<b>3,240,207,373.83</b>
<b>2 Increase this year</b>	<b>138,559,510.87</b>	<b>304,609,230.62</b>	<b>1,911,903.16</b>	<b>26,780,684.59</b>	<b>471,861,329.24</b>
(1) Purchase	941,140.24	14,019,696.96	216,787.61	2,786,246.37	<b>17,963,871.18</b>
(2) Construction in progress transfer-in	90,045,551.23	290,589,533.66	1,695,115.55	23,924,025.34	<b>406,254,225.78</b>
(3) Transfer-in of investment real estate	47,572,819.40				<b>47,572,819.40</b>
(4) Inventory transfer in for own use				70,412.88	<b>70,412.88</b>
<b>3 Decrease this year</b>	<b>208,015.55</b>	<b>79,912,618.69</b>	<b>820,197.03</b>	<b>3,035,572.71</b>	<b>83,976,403.98</b>
(1) Dispose or retirement	71,575.14	41,273,906.42	593,360.48	2,671,932.31	<b>44,610,774.35</b>
(2) Construction in progress transfer-in		38,638,712.27			<b>38,638,712.27</b>
(3) Decreased for change of foreign rate			226,836.55	363,640.40	<b>590,476.95</b>
(4) Temporary estimated decrease	136,440.41				<b>136,440.41</b>
<b>4 Balance at year-end</b>	<b>1,662,291,191.07</b>	<b>1,728,214,888.97</b>	<b>34,401,220.30</b>	<b>203,184,998.75</b>	<b>3,628,092,299.09</b>
<b>II Accumulated depreciation</b>					

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	House and buildings	Machinery equipment	Transport equipment	Other equipment	Total
<b>1. Balance at year-begin</b>	<b>287,729,327.02</b>	<b>760,142,789.56</b>	<b>17,507,896.39</b>	<b>68,398,095.48</b>	<b>1,133,778,108.45</b>
<b>2. Increase this year</b>	<b>63,588,552.96</b>	<b>148,710,758.35</b>	<b>2,873,612.55</b>	<b>16,711,492.15</b>	<b>231,884,416.01</b>
(1) Accrual	53,570,897.40	148,710,758.35	2,873,612.55	16,711,492.15	221,866,760.45
(2) Transfer-in of investment real estate	10,017,655.56				10,017,655.56
<b>3. Decrease this year</b>	<b>4,344.20</b>	<b>52,547,247.62</b>	<b>616,205.98</b>	<b>2,404,805.09</b>	<b>55,572,602.89</b>
(1) Dispose or retirement	4,344.20	37,870,248.65	519,386.51	2,266,949.45	40,660,928.81
(2) Construction in progress transfer-in		14,676,998.97			14,676,998.97
(3) Decreased for change of foreign rate			96,819.47	137,855.64	234,675.11
<b>4. Balance at year-end</b>	<b>351,313,535.78</b>	<b>856,306,300.29</b>	<b>19,765,302.96</b>	<b>82,704,782.54</b>	<b>1,310,089,921.57</b>
<b>III. Impairment loss</b>					
<b>1. Balance at year-begin</b>		<b>1,584,226.14</b>		<b>147,609.48</b>	<b>1,731,835.62</b>
<b>2. Increase this year</b>		445,081.08			<b>445,081.08</b>
<b>3. Decrease this year</b>		<b>151,467.52</b>		<b>6,994.86</b>	<b>158,462.38</b>
(1) Dispose or retirement		151,467.52		6,994.86	<b>158,462.38</b>
(2) Construction in progress transfer-in					
<b>4. Balance at year-end</b>		<b>1,877,839.70</b>		<b>140,614.62</b>	<b>2,018,454.32</b>
<b>IV. Book value</b>					
<b>1. Ending book value</b>	<b>1,310,977,655.29</b>	<b>870,030,748.98</b>	<b>14,635,917.34</b>	<b>120,339,601.59</b>	<b>2,315,983,923.20</b>
<b>2. Opening book value</b>	<b>1,236,210,368.73</b>	<b>741,791,261.34</b>	<b>15,801,617.78</b>	<b>110,894,181.91</b>	<b>2,104,697,429.76</b>

The new fixed assets in this year mainly due to the 406,254,225.78 yuan transfer from construction in process; decrease of the fixed assets in Current Year mainly including assets dispose for retirement.

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

(3) Fixed assets for collateral at year-end

Name	Original book value	Accumulated depreciation	Impairment provision	Book value
House and buildings	473,274,720.00	109,485,841.31		363,788,878.69

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

Item	Original book value	Accumulated depreciation	Impairment provision	Book value
------	---------------------	--------------------------	----------------------	------------

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Machinery equipment	2,976,714.26	926,319.31	2,050,394.95
---------------------	--------------	------------	--------------

### (5) Fixed assets leased through operating lease at year-end

Item	Original book value	Accumulated depreciation	Impairment provision	Book value
House and buildings	34,780,063.29	7,696,982.80		27,083,080.49
Machinery equipment	36,925,786.94	9,027,584.47		27,898,202.47
Other equipment	3,014,597.05	1,096,744.33		1,917,852.72
<b>Total</b>	<b>74,720,447.28</b>	<b>17,821,311.60</b>		<b>56,899,135.68</b>

### (6) Fixed assets without property certificate

Item	Book value	Reason of not complete the property certificate
Testing and experiment center building	39,938,274.11	Related property rights in procedure
J07 electrical workshop	34,847,989.57	Related property rights in procedure
J02 workshop	31,288,308.44	Related property rights in procedure
J01 workshop	29,000,207.38	Related property rights in procedure
II section canteen of living area	21,439,108.75	Related property rights in procedure
J05 evaporator and condenser workshop	23,156,397.31	Related property rights in procedure
J06 central air-conditioner workshop	17,623,844.42	Related property rights in procedure
J50 finished product warehouse	16,641,081.35	Related property rights in procedure
J51 finished product warehouse	16,105,955.96	Related property rights in procedure
J53 finished product warehouse	12,377,700.31	Related property rights in procedure
J54 finished product warehouse	11,511,224.56	Related property rights in procedure
J52 finished product warehouse	11,490,933.89	Related property rights in procedure
J55 finished product warehouse	10,544,342.51	Related property rights in procedure
J56 finished product warehouse	10,544,342.51	Related property rights in procedure
4# makeshift shelter (dormitory building transfer to capital)	4,702,860.71	Related property rights in procedure
J09 raw material warehouse	6,279,480.18	Related property rights in procedure

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Book value	Reason of not complete the property certificate
J10 raw material warehouse	4,905,671.26	Related property rights in procedure
J11 raw material warehouse	4,818,190.24	Related property rights in procedure
J08 packing materials warehouse	4,565,362.87	Related property rights in procedure
Freezer subsidiary station	3,071,376.35	Related property rights in procedure
Hot water room for living area	2,399,105.77	Related property rights in procedure
J15 house of refrigerant forklift	1,325,594.28	Related property rights in procedure
J17 chemical storage	1,301,827.80	Related property rights in procedure
Circulating water pump room/equipment room	821,466.40	Related property rights in procedure
J16 chemical storage	1,190,400.19	Related property rights in procedure
Freezer salvage station	244,333.89	Related property rights in procedure
J19 main guard room	327,222.08	Related property rights in procedure
Freezer- 7# Workshop inspection room	190,564.28	Related property rights in procedure
J19A guard room	206,667.08	Related property rights in procedure
J19D guard room	151,135.58	Related property rights in procedure
J19E guard room	151,135.58	Related property rights in procedure
<b>Total</b>	<b>323,162,105.61</b>	

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

### 13.2 Disposal of fixed assets

Item	Amount at year-end	Amount at year-begin	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



## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

workshop and the factory of Zhongke Meiling. Pursuant to the purchasing and storage requirements of land use right, the land will be purchased and stored with vacant possession. In April 2013, the Company completed the relocation of occupants of the premises, and the net fixed assets in relation to the land will transfer as disposal, accounting treatment will be conduct in line with relevant rules upon receiving of the relocation compensation.

Pursuant to the urban planning requirements of Hefei Municipal Government and the Government of Feidong county, the land reserve center of Feidong county will purchase and store the land use right of an economic development zone located at Feidong county, Hefei city, which is owned by the Company's subordinate companies, Equator Electric and Equator Home Appliance, respectively, with an area of 19,245.09 sq.m. (Approximately 28.87 mu, Land Use Right Certificate No.: Dong Guo Yong (2008) No. 0366, the stated use of the land is for industrial purpose) and an area of 46,161.9 sq.m. (Approximately 69.24 mu, Land Use Right Certificate No.: Dong Guo Yong (2008) No. 0367, the stated use of the land is for industrial purpose). The total consideration for purchasing and storage is approximately 36 million yuan, of which the consideration for the land use right owned by Equator Electric and Equator Home Appliance is approximately 10.59 million yuan and 25.41 million yuan, 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 year-end.

### 14. Construction in progress

Item	Balance at year-end	Balance at year-begin
Construction in progress	60,775,088.96	252,494,792.31
<b>Total</b>	<b>60,775,088.96</b>	<b>252,494,792.31</b>

#### 14.1 Construction in progress

##### (1) Details of construction in progress

Item	Amount at year-end			Amount at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Overseas product upgrade supporting box shell line, door shell line and some old product competitiveness	9,837,906.27		9,837,906.27			

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Amount at year-end			Amount at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
improvement projects						
Technical transformation project of Zhongshan Changhong	6,926,902.64		6,926,902.64	2,670,888.52		2,670,888.52
Jiangxi Meiling – construction of the production line for producing one million energy-saving smart refrigeration annually	4,049,896.54		4,049,896.54	434,062.08		434,062.08
Meiling Living Area Apartment Renovation Project	3,587,155.98		3,587,155.98			
Construction of washing machine plant	3,097,203.54		3,097,203.54	72,019,665.48		72,019,665.48
Changhong Air Conditioner- relocation of production base and upgrading & expansion	2,942,756.39		2,942,756.39	115,113,691.81		115,113,691.81
New overseas case molding line project	2,404,757.10		2,404,757.10			
Capacity enlargement and technology improvement project for Air-conditioner Company	1,724,400.82		1,724,400.82	6,848,640.93		6,848,640.93
Project of the application of MES system during manufacturing	1,670,775.59		1,670,775.59	7,259,356.79		7,259,356.79
Construction of laboratory (inspection center)	1,623,019.14		1,623,019.14	2,283,246.03		2,283,246.03
Front-end expansion project of Hefei base with an annual output of 10 million refrigerator cabinets	1,304,336.29		1,304,336.29			
Production efficiency improvement project of the Line C for the overseas Refrigerator Manufacture Company	904,741.38		904,741.38	1,327,155.18		1,327,155.18
Overseas inflated evaporator products transferred to Jiangxi base production project	685,133.49		685,133.49			
Equipment to be installed	386,124.34		386,124.34	16,790,792.47		16,790,792.47

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Amount at year-end			Amount at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Construction of intelligent manufacturing				4,441,461.82		4,441,461.82
Line modification for R290				1,769,230.77		1,769,230.77
Upgrade project for the production line of Mianyang Meiling Intelligent Refrigerator				666,500.00		666,500.00
Other petty projects	19,629,979.45		19,629,979.45	20,870,100.43		20,870,100.43
<b>Total</b>	<b>60,775,088.96</b>		<b>60,775,088.96</b>	<b>252,494,792.31</b>		<b>252,494,792.31</b>

### (2) Changes in significant construction in progress

Projects	Book balance at period-begin	Increase in Current Year	Transfer to fixed assets in Current Year	Other decrease	Book balance at year-end	Source of funds
Changhong Air Conditioner-relocation of production base and upgrading & expansion	115,113,691.81	25,772,031.69	137,942,967.11		2,942,756.39	Self-raised
Construction of washing machine plant	72,019,665.48	68,014,540.32	134,714,463.33	2,222,538.93	3,097,203.54	Self-raised/ Raise
Construction of laboratory (inspection center)	2,283,246.03	6,953,047.49	7,613,274.38		1,623,019.14	Raise

(Continued)

Projects	Budget (in 10 thousand Yuan)	Proportion of project investment in budget	Progress	Accumulated amount of interest capitalization	including: interest capitalized amount of Current Year	Interest capitalization rate of Current Year
Changhong Air Conditioner-relocation of production base and upgrading & expansion	84,791.01	87.88%	99%	2,570,143.02		
Construction of washing machine plant	37,121.00	98.59%	99%			
Construction of laboratory (inspection center)	10,748.00	85.96%	98%			

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

### 15. Intangible assets

#### (1) Intangible assets

Item	Land use right	Trademark special right	Non-patent technology	Other	Total
<b>I. Original book value</b>					
<b>1.Balance at year-begin</b>	<b>866,310,249.56</b>	<b>283,292,439.34</b>	<b>417,638,699.74</b>	<b>14,698,878.33</b>	<b>1,581,940,266.97</b>
<b>2.Increase this year</b>	<b>3,414,048.01</b>		<b>115,344,850.94</b>	<b>47,045,239.32</b>	<b>165,804,138.27</b>
(1) Purchase	2,200.01				2,200.01
(2) Internal research			115,289,623.59	47,045,239.32	162,334,862.91
(3) Transfer-in of investment real estate	3,411,848.00				3,411,848.00
(4) Other			55,227.35		55,227.35
<b>3.Decrease this year</b>				<b>67,625.33</b>	<b>67,625.33</b>
(1) Disposal					
(2) Other decreases				67,625.33	67,625.33
<b>4.Balance at year-end</b>	<b>869,724,297.57</b>	<b>283,292,439.34</b>	<b>532,983,550.68</b>	<b>61,676,492.32</b>	<b>1,747,676,779.91</b>
<b>II. Accumulated amortization</b>					
<b>1.Balance at year-begin</b>	<b>160,546,271.68</b>	<b>282,607,964.69</b>	<b>194,299,345.34</b>	<b>2,423,169.67</b>	<b>639,876,751.38</b>
<b>2.Increase this year</b>	<b>19,435,789.18</b>	<b>684,474.65</b>	<b>113,864,885.83</b>	<b>6,046,283.44</b>	<b>140,031,433.10</b>
(1) Accrual	18,401,528.57	684,474.65	113,864,885.83	6,046,283.44	138,997,172.49
(2) Transfer-in of investment real estate	1,034,260.61				1,034,260.61
<b>3.Decrease this year</b>				<b>12,397.98</b>	<b>12,397.98</b>
(1) Disposal					
(2) Other decreases				12,397.98	12,397.98
<b>4.Balance at year-end</b>	<b>179,982,060.86</b>	<b>283,292,439.34</b>	<b>308,164,231.17</b>	<b>8,457,055.13</b>	<b>779,895,786.50</b>
<b>III. Impairment loss</b>					
<b>1.Balance at year-begin</b>			<b>4,306,556.42</b>	<b>4,508,495.33</b>	<b>8,815,051.75</b>
<b>2.Increase this year</b>			22,114,421.01		<b>22,114,421.01</b>

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Land use right	Trademark special right	Non-patent technology	Other	Total
3. Decrease this year					
4. Balance at year-end			26,420,977.43	4,508,495.33	30,929,472.76
<b>IV. Book value</b>					
1. Ending book value	689,742,236.71		198,398,342.08	48,710,941.86	936,851,520.65
2. Opening book value	705,763,977.88	684,474.65	219,032,797.98	7,767,213.33	933,248,463.84

The intangible assets resulted from internal research takes 8.46% of the balance of intangible assets at year-end

(2) No land use right without property certification done at year-end

(3) Up to end of the 2020, mortgage of intangible assets is as follows:

Name	Property certificate serials	Area (M <sup>2</sup> )	Net book value	Note
Land use right	HGYJCZi No.: 0121	27,120.22	17,683,738.34	
Land use right	Wan (2019) Property right of Hefei No.: 1148244/1148249/1148243/1148240/1148248/1148246/1148241/1148238/1149101/1148242/1148245/1148239/1148237/1148250/1148247/1149102	477,550.03	239,711,530.25	
Land use right	Wan (2019) Property right of Feixi County No.: 0061435/0061445	33,383.10	13,536,059.81	
Land use right	Wan (2019) Property right of Feixi County No.: 0061456/0061447/0061438/0061440/0061452/0061450/0061430/0061657	82,850.51	18,636,007.39	
<b>Total</b>		<b>620,903.86</b>	<b>289,567,335.79</b>	

### 16. Development expense

Item	Balance at year-begin	Increase this year		Decrease this year			Balance at year-end
		Internal development expenditure	Other	Included in current profits and losses	Confirmed as intangible assets	Other	
Technology development for Air-conditioner	39,987,914.98	84,043,285.29		4,311,767.99	91,721,700.49		27,997,731.79
Technology development for refrigerator	61,090,744.59	58,674,546.89		4,121,419.29	70,613,162.42		45,030,709.77
<b>Total</b>	<b>101,078,659.57</b>	<b>142,717,832.18</b>		<b>8,433,187.28</b>	<b>162,334,862.91</b>		<b>73,028,441.56</b>

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

### 17. Goodwill

#### (1) Original value of goodwill

Invested enterprise	Balance at year-begin	Increase this year		Decrease this year		Balance at year-end
		Formation from enterprise merger	Other	Formation from enterprise merger	Other	
Hefei Meiling Group Holdings Limited	3,553,367.77					3,553,367.77
<b>Total</b>	<b>3,553,367.77</b>					<b>3,553,367.77</b>

#### (2) Impairment loss of goodwill

Invested enterprise	Balance at year-begin	Increase this year		Decrease this year		Balance at year-end
		Accrual	Other	Accrual	Other	
Hefei Meiling Group Holdings Limited	3,553,367.77					3,553,367.77
<b>Total</b>	<b>3,553,367.77</b>					<b>3,553,367.77</b>

Note: The Company's goodwill has been fully accrued for impairment reserves at year-end.

### 18. Deferred income tax assets

#### (1) Deferred income tax assets without the offset

Item	Balance at year-end		Balance at year-begin	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deferred income tax assets recognized from assets impairment	122,853,362.96	18,427,787.28	65,074,900.25	9,761,235.04
Deferred income tax assets recognized from accrual liability	55,035,910.31	8,255,386.55	158,742,319.21	23,811,347.88
Deferred income tax assets recognized from Dismission welfare	13,326,014.64	1,998,902.20	16,996,022.45	2,549,403.37
Deferred income tax assets recognized from deferred income	107,392,156.36	16,108,823.46	109,766,307.31	16,464,946.10
Deferred income tax assets recognized from ir-reparable losses	545,833,222.08	81,874,983.31	295,681,201.10	44,352,180.17

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Balance at year-end		Balance at year-begin	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Accrued income tax assets	3,467,314.27	520,097.14	3,427,103.89	514,065.58
<b>Total</b>	<b>847,907,980.62</b>	<b>127,185,979.94</b>	<b>649,687,854.21</b>	<b>97,453,178.14</b>

The Company's long-term equity investment impairment provisions are the investments in its subsidiaries Meiling Candy Washing Machine Co., Ltd., expected to be cancelled in 2021, and the Company also confirmed deferred income tax assets while confirming the impairment provisions. The subsidiaries have unrecovered losses, at the consolidation level, the deferred income tax assets recognized in the Company's long-term equity investment impairment provisions are adjusted to be the deferred income tax assets generated from the recoverable losses.

(2) Deferred income tax liabilities without the offset

Item	Balance at year-end		Balance at year-begin	
	Taxable temporary differences	Deferred income tax liability	Taxable temporary differences	Deferred income tax liability
Recognized by fixed assets depreciation	29,817,828.77	4,472,674.32	36,760,223.60	5,514,033.54
Recognized by changes in fair value	40,686,053.41	6,102,908.01	4,951,504.00	742,725.60
<b>Total</b>	<b>70,503,882.18</b>	<b>10,575,582.33</b>	<b>41,711,727.60</b>	<b>6,256,759.14</b>

(3) Details of unrecognized deferred income tax assets

Item	Balance at year-end	Balance at year-begin
Deductible temporary difference	110,167,308.91	148,160,001.57
Deductible loss	880,692,110.28	721,832,411.79
<b>Total</b>	<b>990,859,419.19</b>	<b>869,992,413.36</b>

### 19. Short-term loans

Category	Balance at year-end	Balance at year-begin
Loan in pledge	100,000,000.00	147,438,160.00
Guaranteed loan	66,180,000.00	46,794,941.14
Loan in credit	904,237,500.00	909,757,944.82
Bill financing	257,880,000.00	
Interest payable	7,911,550.55	
<b>Total</b>	<b>1,336,209,050.55</b>	<b>1,103,991,045.96</b>

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

---

Short-term loans at Current Year-end:

1) The Company entered into a Cross-border financing loan business contract with Hefei Luyang Branch of CCB with 12 months in term. Term of borrowing is from 10 March 2020 to 10 March 2021. Borrowing rate of 3.08%, the loan amount is 300,000,000.00 Yuan.

2) The Company entered into a Cross-border direct loan financing contract with Macau Branch of CGB with 12 months in term. Term of borrowing is from 19 March 2020 to 19 March 2021. Borrowing rate of 2.95%, the loan amount is 50,000,000.00 Yuan.

3) The Company entered into a Liquidity Loan Contract with Hefei Economic and Technological Development Zone Branch of BOC with 366 days in term. Term of borrowing is from 6 Jan. 2020 to 6 Jan. 2021. Fixed annual interest rate of 3.915%, the loan amount is 30,000,000.00 Yuan.

4) The Company entered into a Liquidity Loan Contract with Hefei Branch of China Postal Savings Bank Co., Ltd. with 12 months in term. Term of borrowing is from 23 April 2020 to 22 April 2021. Borrowing rate of 3.915%, the loan amount is 28,000,000.00 Yuan.

5) The Company entered into a Liquidity Loan Contract with Hefei Branch of SPD Bank with 182 days in term. Term of borrowing is from 10 Oct. 2020 to 10 April 2021. Fixed annual interest rate of 3.4%, the loan amount is 25,000,000.00 Yuan.

6) The Company entered into a Loan Contract with Hefei Luyang Branch of Hangzhou Bank Co., Ltd. with 183 days in term. Term of borrowing is from 24 August 2020 to 23 Feb. 2021. Fixed annual interest rate of 3.45%, the loan amount is 20,000,000.00 Yuan.

7) The Company entered into a Loan Contract with Hefei Branch of Ping An Bank Co., Ltd. with 364 days in term. Term of borrowing is from 14 Dec. 2020 to 13 Dec. 2021. Fixed annual interest rate of 3.35%, the loan amount is 10,000,000.00 Yuan.

8) The Company entered into a Domestic L/C Opening Contract with Hefei Changdong Road Branch of ICBC with 178 days in term. Term of borrowing is from 7 Aug. 2020 to 1 Jan. 2021. Fixed annual interest rate of 2.52%, the loan amount is 20,000,000.00 Yuan.

9) The Company entered into a Agreement for Issuing Letter of Credit Business with Hefei Branch of SPD Bank with 185 days in term. Term of borrowing is from 7 Aug. 2020 to 18 Feb. 2021. Fixed annual interest rate of 3.1%, the loan amount is 10,000,000.00 Yuan.

10) The Company entered into a Forfaiting Business Contract with Feixi Branch of Jiujiang Bank Co., Ltd. with 365



## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

days in term. Term of borrowing is from 16 April 2020 to 16 April 2021. Fixed annual interest rate of 2.825%, the loan amount is 50,000,000.00 Yuan.

11) The Company entered into a Contract on the Non-Recourse Transfer of Seller's Bonds under Domestic Letter of Credit (Domestic Forfaiting Business) with Hefei Branch of China Everbright Bank Co., Ltd. Term of borrowing is from 12 June 2020 to 4 June 2021. Borrowing rate of 2.50%, the loan amount is 50,000,000.00 Yuan.

12) The Company entered into a Forfaiting Business Contract with Hefei Shouchun Branch of BCM with 360 days in term. Term of borrowing is from 29 Sept. 2020 to 24 Sept. 2021. Fixed annual interest rate of 3%, the loan amount is 200,000,000.00 Yuan.

13) Subsidiary - Changhong Ruba Trading Company (Private) Limited entered into a Loan Agreement with Karachi Branch of ICBC, with the loan of 400,000,000.00 rupees in December 2020. Term of borrowing is from 17 December 2020 to 5 November 2021. Borrowing rate of 8.2%.

14) The Company entered into a Loan Contract with China Merchants Bank Co., Ltd. Term of borrowing is from 21 April 2020 to 9 April 2021. Borrowing rate of 0.65%, the loan amount is EUR 9,500,000.00.

15) Subsidiary - Hefei Meiling Nonferrous Metal Products Co., Ltd. entered into a Small business loan contract with ICBC through the guarantee under Changhong Meiling. The principal of the loan is 10,000,000.00 yuan, term of borrowing is from 27 March 2020 to 5 March 2021, and the interest rate is 4.05%.

16) The Company entered into a Forfaiting Business Contract with Anhui Branch of Bank of Communication, applying a short-term loan of 100,000,000.00 yuan with bill pledge method. Term of borrowing is from 6 March 2020 to 1 March 2021. Borrowing rate of 3.00%.

17) Subsidiary - Zhongke Meiling Cryogenic Technology Co., Ltd. entered into a Loans of Working Capital with Anhui Branch of Bank of Communication, term of borrowing is from 28 Feb. 2020 to 28 Feb. 2021, Fixed interest rate of 2.4%, the loan amount is 20,000,000.00 Yuan.

18) Subsidiary - Zhongke Meiling Cryogenic Technology Co., Ltd. entered into a RMB Working Capital Loan Contract with Feixi Branch of CCB, term of borrowing is from 13 March 2020 to 12 March 2021, Fixed interest rate of 2.05%, the loan amount is 30,000,000.00 Yuan.

19) Subsidiary - Zhongke Meiling Cryogenic Technology Co., Ltd. entered into a RMB Working Capital Loan Contract with Hefei Changjiang East Road Branch of ICBC, term of borrowing is from 18 March 2020 to 15 March 2021, Fixed interest rate of 3.05%, the loan amount is 5,000,000.00 Yuan.

20) Subsidiary - Zhongke Meiling Cryogenic Technology Co., Ltd. entered into a Contract for Loans of Working

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Capital with Hefei Branch of Industrial Bank, term of borrowing is from 17 March 2020 to 16 March 2021, Fixed interest rate of 3.05%, the loan amount is 9,900,000.00 Yuan.

21) Subsidiary - Zhongke Meiling Cryogenic Technology Co., Ltd. entered into a Contract for Loans of Working Capital with Hefei Branch of BOC, term of borrowing is from 25 November 2020 to 25 November 2021, Fixed interest rate of 3.3%, the loan amount is 10,000,000.00 Yuan.

### 20. Tradable financial liability

Name	Balance at year-end	Balance at year-begin
Tradable financial liability	4,584,076.51	1,081,534.93
Including: Derivative financial liability	4,584,076.51	1,081,534.93

### 21. Note payable

Item	Balance at year-end	Balance at year-begin
Bank acceptance	4,232,731,220.17	3,298,019,669.51
Trade acceptance	206,876,762.17	192,251,812.89
<b>Total</b>	<b>4,439,607,982.34</b>	<b>3,490,271,482.40</b>

### 22. Account payable

#### (1) Account payable

Item	Amount at year-end	Amount at year-begin
<b>Total</b>	<b>2,851,999,684.30</b>	<b>2,343,116,374.58</b>
Including: Amount aged over 1 year	74,369,337.19	76,194,618.91

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

### 23. Contract liabilities

#### Contract liabilities

Item	Balance at year-end	Balance at year-begin
<b>Total</b>	<b>522,550,891.28</b>	<b>371,713,321.84</b>
Including: Amount aged over 1 year	91,437,631.00	70,280,613.82

### 24. Wages payable

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

### (1) Category

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
Short-term compensation	177,402,906.03	1,444,772,071.51	1,359,316,674.08	262,858,303.46
After-service welfare- defined contribution plans	7,453,793.72	79,821,345.13	63,624,847.89	23,650,290.96
Dismiss welfare	11,650,474.93	4,925,212.81	12,762,506.11	3,813,181.63
<b>Total</b>	<b>196,507,174.68</b>	<b>1,529,518,629.45</b>	<b>1,435,704,028.08</b>	<b>290,321,776.05</b>

### (2) Short-term compensation

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
Wages, bonuses, allowances and subsidies	170,288,735.22	1,291,436,992.79	1,215,594,957.72	246,130,770.29
Welfare for workers and staff	639,308.36	39,019,498.44	38,502,660.57	1,156,146.23
Social insurance	1,770,245.68	48,792,664.03	40,368,795.87	10,194,113.84
Including: Medical insurance	1,617,788.73	45,094,056.52	37,220,066.00	9,491,779.25
Work injury insurance	63,191.51	1,533,453.24	1,134,951.47	461,693.28
Maternity insurance	89,265.44	2,165,154.27	2,013,778.40	240,641.31
Housing accumulation fund	3,586,116.49	61,977,189.92	60,663,252.42	4,900,053.99
Labor union expenditure and personnel education expense	1,118,500.28	3,545,726.33	4,187,007.50	477,219.11
<b>Total</b>	<b>177,402,906.03</b>	<b>1,444,772,071.51</b>	<b>1,359,316,674.08</b>	<b>262,858,303.46</b>

### (3) Defined contribution plans

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
Basic endowment insurance	5,213,876.36	75,966,500.88	60,065,240.57	21,115,136.67
Unemployment insurance	2,239,917.36	3,854,844.25	3,559,607.32	2,535,154.29
<b>Total</b>	<b>7,453,793.72</b>	<b>79,821,345.13</b>	<b>63,624,847.89</b>	<b>23,650,290.96</b>

### 25. Tax payable

Item	Balance at year-end	Balance at year-begin
Value-added tax	41,769,712.31	31,073,647.86
Enterprise income tax	9,941,386.84	2,100,004.27

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Balance at year-end	Balance at year-begin
Individual income tax	2,781,283.48	3,080,366.29
Urban maintenance and construction tax	4,056,939.25	3,279,877.94
Real estate tax	6,370,190.14	6,023,111.75
Land use tax	2,701,128.78	2,757,210.52
Educational surtax	2,977,254.61	2,389,535.13
Stamp tax	2,213,950.91	3,033,620.58
Construction fund of Water Conservancy Projects	643,321.87	759,372.01
Treatment fund for abandon electrics & electronics	13,835,511.00	12,489,459.00
Other	2,391,754.71	1,572,186.31
<b>Total</b>	<b>89,682,433.90</b>	<b>68,558,391.66</b>

### 26. Other account payable

Item	Balance at year-end	Balance at year-begin
Interest payable		12,340,385.61
Dividend payable	4,466,628.25	3,579,491.94
Other account payable	720,235,058.47	673,557,725.66
<b>Total</b>	<b>724,701,686.72</b>	<b>689,477,603.21</b>

#### 26.1 Interest payable

##### (1) Category

Item	Balance at year-end	Balance at year-begin
Interest on long-term borrowings for repayment of principal of installment maturity		466,340.02
Interest of short-term loans		11,874,045.59
<b>Total</b>		<b>12,340,385.61</b>

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

#### 26.2 Dividends payable

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Balance at year-end	Balance at year-begin
China Life Insurance (Group) Company	263,813.22	239,221.62
China Life Insurance Group Co., Ltd.	395,719.83	358,832.43
BOC- Fullgoal Tianyi Securities Investment Fund	153,697.50	153,697.50
Hefei Branch of BOC	329,766.50	299,027.00
Hefei collective industry association	329,765.99	299,026.54
Entrust Investment Wuhu of Provincial ABC	263,813.22	239,221.62
Other units	2,730,051.99	1,990,465.23
<b>Total</b>	<b>4,466,628.25</b>	<b>3,579,491.94</b>

### 26.3 Other account payable

#### (1) Other account payable by nature

Nature	Balance at year-end	Balance at year-begin
1. Accrued expenses (expenses occurred without reimbursed)	387,297,440.24	487,992,668.34
2. Receivables received temporary and deducted temporary	30,995,522.33	14,950,208.02
3. Deposit, margin	163,264,455.70	114,946,522.03
4. Not the come-and-go with related parties in statement scope	126,828,746.47	14,101,588.30
5. Other	11,848,893.73	41,566,738.97
<b>Total</b>	<b>720,235,058.47</b>	<b>673,557,725.66</b>

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

### 27. Non-current liability due within one year

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

Item	Balance at year-end	Balance at year-begin
Long-term loan principal and interest due within one year	407,141,888.08	
Long term account payable due within one year	683,262.66	1,708,193.90
<b>Total</b>	<b>407,825,150.74</b>	<b>1,708,193.90</b>

### 28. Other current liabilities

#### (1) Category of other current liabilities

Item	Balance at year-end	Balance at year-begin
------	---------------------	-----------------------

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Balance at year-end	Balance at year-begin
Pending sales tax	20,376,696.94	53,435,873.13
Factoring fees payable	2,547,001.79	
<b>Total</b>	<b>22,923,698.73</b>	<b>53,435,873.13</b>

### 29. Long term borrowings

#### (1) Category of long term borrowings

Category	Amount at year-end	Amount at year-begin
Loan in mortgage	188,000,000.00	101,280,000.00
Loan in credit		300,000,000.00
Interest payable	231,439.30	
<b>Total</b>	<b>188,231,439.30</b>	<b>401,280,000.00</b>

#### (2) Long-term borrowings at year-end

Loan from	Borrowing day	Returning day	Foreign currency	Interest rate	Amount at year-end (RMB)	Amount at year-begin (RMB)
EIBC (Export-Import Bank) Anhui Province Branch <sup>Note 1</sup>	2020/3/26	2026/11/25	RMB	4.555%	98,000,000.00	
EIBC (Export-Import Bank) Anhui Province Branch <sup>Note 2</sup>	2019/12/23	2026/12/23	RMB	4.605%	90,000,000.00	100,000,000.00
EIBC (Export-Import Bank) Anhui Province Branch	2019/05/30	2021/05/30	RMB	3.685%		300,000,000.00
Hefei Shouchun branch of Bank of Communications <sup>Note 3</sup>	2020/6/15	2021/7/15	RMB	3.75%		
Ministry of Finance of Hefei <sup>Note 4</sup>	2006/11/09	2021/11/08	RMB	1.80%		1,280,000.00
<b>Total</b>					<b>188,000,000.00</b>	<b>401,280,000.00</b>

Note 1: The Company signed a “Loan Contract (Export Seller’s Credit)” with the Anhui Branch of the Export-Import Bank, the contract period is 2435 days, and the loan period is from March 26, 2020 to November 25, 2026. The borrowing rate is determined by the market quoted interest rate of loans with a term of more than 5 years minus 0.195%, which fluctuates annually, and the loan amount is 98,000,000.00 yuan.

Note 2: The Company signed a “Loan Contract (Promoting Domestic Opening-up of Loans-Fixed

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

---

Assets)” with Anhui Branch of the Export-Import Bank of China, with the company's fixed assets and intangible assets as collateral for a long-term loans of 100 million yuan. The contractual term is 83 months, the borrowing period is from December 23, 2019 to November 25, 2026, the borrowing rate is determined by the market quoted interest rate of loans with a term of more than 5 years minus 0.195%, which fluctuates annually, and the loan amount is 100,000,000.00 yuan. According to the repayment schedule agreed with the bank, 3,000,000.00 yuan has been repaid, it is planned to repay 3,000,000.00 yuan on June 25, 2021 and 4,000,000.00 yuan on December 25, 2021. The total amount of 7,000,000.00 yuan has been reclassified to non-current liabilities due within one year. The ending balance is 90,000,000.00 yuan.

Note 3: the company signed the working capital loan contract with Hefei Shouchun Branch of Bank of Communications Co., Ltd., borrowed 100 million yuan from Hefei Shouchun Branch of Bank of Communications to supplement working capital, the loan period is from June 15, 2020 to July 15, 2021, the loan interest rate is 3.75%, 1,000,000.00 yuan has been repaid in this period, the remaining principal of 99,000,000.00 yuan at the end of the period has been reclassified to non-current liabilities due within one year

Note4: 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 7,040,000 yuan from the Ministry of Finance of Hefei. The capital on-lending began to bear interest from the appropriate date (November 9, 2006), which would be paid by stages in the loan period to Ministry of Finance of Hefei by the Company. The first four years were grace period, during which the annual interest rate was subject to floating interest rate (the annual interest rate was the annual interest rate of one year fixed deposit plus 0.3%). On 1 March 2013, according to the Letter Relating to Ceasing Process of Other Securities in respect of the Properties in Feidong Longgang Industrial Park of Hefei Meiling Co., Ltd. (HCJ (2006) No.85) issued by the finance office of Hefei, Meiling commenced the national purchase of its land parcels in Longgang in compliance with the land planning of Hefei municipal government, which required its properties in Longgang land parcel to be unrestricted. The real estate for mortgage lifted in 2006 of the Company with registration No. HGYJCZ No.0121 which was used as the security for treasury bonds lending capital (details were set out in Note VI.15). As of December 31, 2020, the remaining outstanding 640,000.00 yuan has been reclassified to non-current liabilities due within one year

### 30. Long-term payable

Item	Balance at year-end	Balance at year-begin
------	---------------------	-----------------------

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Balance at year-end	Balance at year-begin
Long-term account payable	175,323.91	1,486,921.44
Special payable	1,530,000.00	1,530,000.00
<b>Total</b>	<b>1,705,323.91</b>	<b>3,016,921.44</b>

### 30.1 Classify by nature

Nature	Balance at year-end	Balance at year-begin
Financing lease	175,323.91	1,486,921.44

### 30.2 Special payable

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end	Reason
Special funds for technological transformation from Zhongshan	1,530,000.00			1,530,000.00	Technology plan project in Zhongshan City

### 31. Long-term wage payable

Item	Balance at year-end	Balance at year-begin
Dismissal welfare	10,571,526.69	13,774,110.61

According to the internal early retirement policy, the long-term payable dismissal welfare bears by the Company up to end of Current Year amounting to RMB 10,571,526.69

### 32. Accrual liability

Item	Balance at year-end	Balance at year-begin	Reason
Product quality guarantee <sup>note1</sup>	14,487,294.50	15,427,220.80	Guarantee of product
Guarantee fund for quality service <sup>note1</sup>	47,905,440.57	150,671,923.17	Guarantee of product
<b>Total</b>	<b>62,392,735.07</b>	<b>166,099,143.97</b>	

Note 1: Product quality deposit is the maintenance expense provided by the Company under the national policy, while quality service special guarantees capital is the warranty costs provided for product quality in addition to such policy. Parts of the commitments on product quality assurance beyond the national three guarantees policy are expired in 2020, the accrual liability that have not been anticipated has written-off in Current Year, actually 102,184,807.27 Yuan written-off.

### 33. Deferred income

(1) Classification of deferred income



## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end	Reason
Government subsidies---subsidies of development project	135,392,959.96	17,863,000.00	16,379,622.87	136,876,337.09	
Government subsidies---subsidies of Relocation	44,578,011.96		4,076,898.93	40,501,113.03	
<b>Total</b>	<b>179,970,971.92</b>	<b>17,863,000.00</b>	<b>20,456,521.80</b>	<b>177,377,450.12</b>	

### (2) Government subsidy

Item	Amount at year-begin	New subsidy in Current Year	Amount reckoned into other income in Current Year	Other changes	Amount at year-end	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	40,613,394.80		2,297,010.33		38,316,384.47	Assets related
Adaptability improvement on new coolants production	11,824,908.42		2,364,981.72		9,459,926.70	Assets related
Subsidy for industrial development policy from Hefei for first half of 2018	9,044,000.00		1,250,000.00		7,794,000.00	Assets related
Centre for external cooperation of the environmental protection	2,538,300.00	5,076,600.00			7,614,900.00	Assets related
Changhong Air Conditioner- relocation of production base and upgrading & expansion	6,880,000.00				6,880,000.00	Assets related
Key chip and module for transducer used and detection capacity building	6,840,000.00				6,840,000.00	Assets related
Subsidy for industrial development policy from Hefei for second half of 2019		7,154,200.00	1,788,550.00		5,365,650.00	Assets related
RESEARCH AND APPLICATION OF THE VISA (VARIABLE FREQUENCY VOLUME INTEGRATED INTELLIGENT	5,872,093.04		1,409,302.32		4,462,790.72	Assets related

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Amount at year-begin	New subsidy in Current Year	Amount reckoned into other income in Current Year	Other changes	Amount at year-end	Assets related/Income related
AIR-CONDITIONER)						
Special fund, government subsidy CZ059001	4,200,000.00				4,200,000.00	Assets related
Policy funds for manufacturing a strong province, subsidy for equipment for the technological transformation of industrial strong base	4,375,000.00		625,000.00		3,750,000.00	Assets related
Subsidy for industrial development policy from Hefei for first half of 2020		3,476,800.00	36,216.67		3,440,583.33	Assets related
Government subsidy for new plant construction - industrialization of cryogenic refrigeration equipment	3,791,666.67		500,000.00		3,291,666.67	Assets related
Subsidies for intelligent transformation & upgrading of enterprises from the new industrialization policy in economic development zone	3,886,414.58		605,675.00		3,280,739.58	Assets related
Industrialization of intelligent white household appliances software platform and typical application research and development	3,030,303.05		727,272.72		2,303,030.33	Assets related
Research and application of the MCU chip for inverter control	2,300,000.00				2,300,000.00	Assets related
Demolition compensation of Jiangxi Meiling	3,964,617.16		1,779,888.60		2,184,728.56	Assets related
Special funds for strategic emerging industry and high-end growth industry	2,000,000.00				2,000,000.00	Assets related
Subsidy for characteristic innovation and entrepreneurship carrier project from Hefei economic & development zone	2,000,000.00				2,000,000.00	Assets related
Equipment subsidy for the industrial base	1,782,083.33		235,000.00		1,547,083.33	Assets related

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Amount at year-begin	New subsidy in Current Year	Amount reckoned into other income in Current Year	Other changes	Amount at year-end	Assets related/Income related
technical renovation from Economic and Information Commission						
Subsidy from Zhongshan Finance Bureau (CZ028001 provincial special project 2019)	1,703,353.19		305,646.49		1,397,706.70	Assets related
Upgrade project for the production line of Mianyang Meiling Intelligent Refrigerator	1,514,166.68		197,499.96		1,316,666.72	Assets related
Subsidy for equipment purchasing for Hefei Tech. Improvement project in 2017	1,358,630.00		179,160.00		1,179,470.00	Assets related
Subsidy for purchase of R & D instruments and equipment	768,687.50	280,900.00	167,482.30		882,105.20	Assets related
Technical transformation of the Athena project	4,877,812.50		4,008,124.98		869,687.52	Assets related
Promotion of the energy-saving room air conditioner	1,069,072.21		210,309.24		858,762.97	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		304,412.52		761,031.21	Assets related
Emerging Industry Base Fund Support Item		620,000.00			620,000.00	Assets related
Robot policy-rewards for purchasing robots		561,000.00	5,843.74		555,156.26	Assets related
Special fund for technical improvement	171,540.99	375,700.00	63,193.35		484,047.64	Assets related
2018 Zhongshan Special fund for industrial development - Special topic of technical transformation	730,232.55		265,723.80		464,508.75	Assets related
Special fund for technical improvement	478,116.29		61,203.83		416,912.46	Assets related
Technical transformation of refrigerator evaporator workshop	454,687.50		60,625.00		394,062.50	Assets related
Technical transformation subsidy		317,800.00	108,581.67		209,218.33	Assets related

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Amount at year-begin	New subsidy in Current Year	Amount reckoned into other income in Current Year	Other changes	Amount at year-end	Assets related/Income related
Technical renovation of air conditioner production line	286,596.77		95,829.50		190,767.27	Assets related
Refrigerator evaporator workshop	186,295.31		29,033.04		157,262.27	Assets related
Subsidy for the development on production line technical reform for green-friendly high-quality metal pipe	129,493.23		40,892.60		88,600.63	Assets related
Freezer project of Changhong Meiling	734,062.42		734,062.42			Assets related
<b>Total</b>	<b>179,970,971.92</b>	<b>17,863,000.00</b>	<b>20,456,521.80</b>		<b>177,377,450.12</b>	

### 34. Share capital

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

### 35. Capital reserve

Item	Amount at year-begin	Increase this year	Decrease this year	Amount at year-end
Share premium	2,636,193,356.40	126,386.27	655,776.25	2,635,663,966.42
Other capital reserve	48,173,262.70			48,173,262.70
<b>Total</b>	<b>2,684,366,619.10</b>	<b>126,386.27</b>	<b>655,776.25</b>	<b>2,683,837,229.12</b>

Note: Changes in equity premium this year were due to: 1. this year's new increase of the write-off of non-public issuance fees that were tentatively estimated to be no longer paid in 2016; 2. this year's decrease was due to the acquisition of part of the minority shareholders' equity of Wuhan Meizhirong Electric Appliances Marketing Co., Ltd., Changhong Meiling Household Appliances Technology Co., Ltd., Chengdu Meiling Electric Appliances Marketing Co., Ltd., and Shanghai Meiling Electric Appliances Marketing Co., Ltd., resulting in the difference between the newly acquired long-term equity investment and the net asset shares that should be continuously calculated from the date of purchase of the subsidiaries according to the newly-added shareholding ratio and the the handling fee for repurchasing B shares.

### 36. Treasury stock

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
Repurchase of B shares		9,929,336.18		9,929,336.18
<b>Total</b>		<b>9,929,336.18</b>		<b>9,929,336.18</b>

Note: The Company convened the 40th meeting of the ninth board of directors, the 21st meeting of the ninth board of supervisors, and the 3rd extraordinary general meeting of shareholders in 2020 on July 27, 2020 and August 18, 2020, which reviewed and approved the Proposal on the Repurchase of Certain Domestically Listed Foreign Shares (B Shares) of the Company. As of December 31, 2020, a total of 5,552,151 shares were repurchased at a repurchase price of no more than HK\$2.21 per share (tax included), the total repurchase transaction price was HK\$11,699,465.27, and the real-time exchange rate was equivalent to 9,929,336.18 yuan.

### 37. Other comprehensive income

Item	Balance at year-begin	Current Year					Balance at year-end
		Account before income tax in Current Year	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 re-divided into gains/losses							
Including: conversion difference arising from foreign currency financial statement	-18,931,430.36	-2,992,457.19			-2,519,653.81	-472,803.38	-21,451,084.17

### 38. Surplus reserves

Item	Amount at year-begin	Increase this year	Decrease this year	Amount at year-end
Statutory surplus reserve	295,179,158.04	5,577,930.23		300,757,088.27
Discretionary surplus reserve	115,607,702.16			115,607,702.16
<b>Total</b>	<b>410,786,860.20</b>	<b>5,577,930.23</b>		<b>416,364,790.43</b>

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

### 39. Retained profit

Item	Current Year	Last Year
<b>Amount at the end of last year</b>	884,127,743.42	<b>904,232,582.87</b>
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		
<b>Amount at the beginning of this year</b>	<b>884,127,743.42</b>	<b>901,498,253.96</b>
Add: net profit attributable to shareholders of parent company for this year	-85,565,716.91	56,441,479.14
Less: withdraw of statutory surplus reserve	5,577,930.23	11,136,116.82
withdraw of discretionary surplus reserve		
Withdraw of general risk provision		
Dividend payable for ordinary shares	52,229,894.05	62,675,872.86
Dividend of ordinary shares transferred to share capital		
<b>Amount at the end of this year</b>	<b>740,754,202.23</b>	<b>884,127,743.42</b>

### 40. Operation income and operation cost

#### (1) Operation income and operation cost

Item	Current Year		Last Year	
	Income	Cost	Income	Cost
Main business	14,154,240,737.32	11,709,373,550.27	15,442,277,862.82	12,416,146,774.23
Other business	1,233,809,492.35	1,141,498,122.30	1,110,975,032.11	1,039,545,602.62
<b>Total</b>	<b>15,388,050,229.67</b>	<b>12,850,871,672.57</b>	<b>16,553,252,894.93</b>	<b>13,455,692,376.85</b>

#### (2) Main business classified according to product

Product	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator, freezer	7,677,640,685.10	6,148,588,872.52	7,904,855,681.11	6,064,938,890.53
Air-conditioner	4,619,288,893.44	4,053,771,792.10	5,908,762,786.45	4,996,871,222.18
Washing machine	466,805,675.50	384,583,731.12	434,111,186.88	353,622,961.34

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Product	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Small household appliances and kitchen and bathroom	1,143,165,497.06	958,061,925.19	993,937,389.59	835,102,165.41
Other	247,339,986.22	164,367,229.34	200,610,818.79	165,611,534.77
<b>Total</b>	<b>14,154,240,737.32</b>	<b>11,709,373,550.27</b>	<b>15,442,277,862.82</b>	<b>12,416,146,774.23</b>

### (3) Main business classified according to sales region

Region	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	9,174,395,337.92	7,413,002,117.96	11,534,341,837.69	9,040,203,991.36
Overseas	4,979,845,399.40	4,296,371,432.31	3,907,936,025.13	3,375,942,782.87
<b>Total</b>	<b>14,154,240,737.32</b>	<b>11,709,373,550.27</b>	<b>15,442,277,862.82</b>	<b>12,416,146,774.23</b>

Top five clients have income in sales of RMB 6,584,401,244.38 in total, a 42.79% in total operation income.

### 41. Business tax and extra charges

Item	Current Year	Last Year
Treatment fund for abandon electrics & electronics	54,489,675.00	60,529,942.00
City construction tax	27,164,098.44	30,493,037.22
Extra charge for education and local education surcharge	20,252,422.13	22,102,924.13
Real estate tax	19,343,805.61	17,137,312.39
Stamp duty	12,839,245.15	12,018,022.40
Land use tax	7,473,391.72	7,029,712.20
Water fund	7,156,421.01	2,634,354.33
Other	1,596,453.38	1,120,422.24
<b>Total</b>	<b>150,315,512.44</b>	<b>153,065,726.91</b>

### 42. Sales expense

Item	Current Year	Last Year
Salary, extra charges and labor service expenses	602,311,290.04	652,044,483.91
Transport expenses	507,219,049.25	499,344,342.58
Market support expenses	300,981,172.56	470,013,932.98
Air conditioner installation expenses	211,809,047.10	256,658,116.20
Storage lease expenses	93,417,953.55	117,617,330.25

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Current Year	Last Year
National three guarantees expense	90,872,070.92	103,386,444.62
Service support expenses	39,269,346.08	34,245,427.34
Travelling expenses	27,679,048.85	49,979,196.42
Insurance expenses	14,608,773.95	6,706,060.15
Depreciation expenses	7,984,786.81	7,344,357.95
Business activity expenses	7,737,646.92	22,988,306.75
Vehicle expenses	1,692,392.60	1,405,277.27
Advertising expenses	1,423,006.42	21,419,915.53
House-lease expenses	1,085,901.86	18,973,583.57
Communication expenses	1,107,112.94	5,715,469.87
Meeting organization expenses	907,896.51	11,046,982.91
Other expenses	35,697,303.20	41,473,291.65
<b>Total</b>	<b>1,945,803,799.56</b>	<b>2,320,362,519.95</b>

### 43. Administration expense

Item	Current Year	Last Year
Salary and social insurance etc.	170,017,710.90	187,993,971.35
Depreciation	19,860,652.31	19,205,351.97
Amortized intangible assets	18,997,141.21	19,321,311.93
Water and electricity fee	6,596,531.99	15,055,164.38
Domestic travelling fee	3,138,305.00	6,681,174.67
Property insurance fee	5,727,401.94	4,539,551.94
Business activities fee	3,421,679.60	5,132,130.61
Office fee	1,847,681.31	5,116,649.46
Board fees	1,446,841.30	1,546,949.10
Inspection and authentication fee	648,176.21	2,203,362.58
Other expenses	48,543,562.79	63,891,525.83
<b>Total</b>	<b>280,245,684.56</b>	<b>330,687,143.82</b>

### 44. R&D expenses

Item	Current Year	Last Year
Salary and social insurance etc.	124,899,251.69	110,566,764.34
Amortized intangible assets	114,668,760.56	93,222,550.36
Trial fee of R&D	44,713,078.54	45,301,220.97
Technical development cost	14,434,361.38	15,721,270.26
Inspection and authentication fee	15,455,566.85	13,478,419.82



## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Current Year	Last Year
Depreciation	15,179,901.55	9,640,335.06
Cost of mould	5,534,614.33	5,407,099.44
Software royalty	755,542.28	2,424,431.50
Domestic travel expenses	969,236.31	1,964,177.16
Other expenses	44,028,609.42	36,492,420.78
<b>Total</b>	<b>380,638,922.91</b>	<b>334,218,689.69</b>

### 45. Financial expenses

Item	Current Year	Last Year
Interest expenditure	88,262,152.17	93,523,492.74
Less: Interest income	139,603,245.84	133,568,862.29
Add: exchange loss	33,026,909.13	17,118,898.27
Procedure charge expenditure	19,928,603.14	8,795,468.59
Discount expenditure	-7,144,403.44	-85,047.91
<b>Total</b>	<b>-5,529,984.84</b>	<b>-14,216,050.60</b>

### 46. Other income

Item	Current Year	Last Year
Industrial development policy subsidy	28,058,461.33	1,250,000.00
Subsidy for export credit insurance	7,516,778.79	1,157,100.00
Subsidy for employment stable	5,520,715.46	35,675,926.90
Immediate refund of VAT for software products	4,858,596.32	6,349,543.15
Technical transformation of the Athena project	4,008,124.98	4,286,250.00
Some policy subsidies to support the development of digital economy in Anhui	3,500,000.00	1,800,000.00
Enterprise policy funds from Economic and Trade Development Bureau in Hefei economic development zone	3,074,766.67	3,500,000.00
Special subsidy for Nanjing Port	2,571,170.00	1,234,485.00
Increase in operating fee subsidies for propane production lines in the room air conditioner industry	2,403,000.00	
Sichuan Province Accounts Receivable Financing Core Enterprise Reward and Make Up	2,369,300.00	
Adaptability improvement on new coolants production	2,364,981.72	2,364,981.72
Demolition compensation of Changhong Meiling	2,297,010.33	1,999,652.91
Talent subsidies	1,931,630.00	1,395,300.00

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Current Year	Last Year
Science and technology innovation and enterprise development fund	1,895,786.40	671,307.09
Subsidy for industrial development policy from Hefei for second half of 2019	1,788,550.00	
Demolition compensation of Jiangxi Meiling	1,779,888.60	1,794,257.14
Subsidies for technological transformation and financial incremental contribution projects	1,681,100.00	
Large enterprises and large groups drive financing and development projects for small and medium-sized enterprises	1,430,000.00	
RESEARCH AND APPLICATION OF THE VISA (VARIABLE FREQUENCY VOLUME INTEGRATED INTELLIGENT AIR-CONDITIONER)	1,409,302.32	1,409,302.33
Provincial-level foreign trade fund subsidy from finance bureau in Hefei economic development zone	1,338,474.94	2,857,000.00
Promote high-quality manufacturing development awards in 2019	1,275,000.00	
Subsidy for industrial development policy from Hefei for first half of 2018	1,250,000.00	
Special funds for foreign economic & trade development and port construction for 2018	1,062,566.00	1,057,163.36
Policy subsidy for promoting scientific and technological innovation	987,900.00	679,700.00
Subsidy received from the government to activate idle factories	843,732.00	1,687,464.00
Special funds for provincial-level innovation-driven development	800,000.00	2,950,000.00
Epidemic subsidy	771,450.00	
Freezer project of Changhong Meiling	734,062.42	734,062.52
Industrialization of intelligent white household appliances software platform and typical application research and development	727,272.72	727,272.71
State-funded project-research and development of frequency conversion control chip	700,000.00	
Corporate subsidy income	665,061.00	
Enterprise special fund	630,000.00	1,500,000.00
Policy funds for manufacturing a strong province, subsidy for equipment for the technological transformation of industrial strong base	625,000.00	1,000,000.00
Subsidies for intelligent transformation & upgrading of enterprises from the new industrialization policy in economic development	605,675.00	605,675.00

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Current Year	Last Year
Tax contribution award	584,300.00	600,000.00
Special funds for overseas investment insurance	576,699.00	
Logistics subsidy	550,000.00	1,787,400.00
Receive tax refund	523,166.43	
Government subsidy for new plant construction - industrialization of cryogenic refrigeration equipment	500,000.00	500,000.00
IC Industry Policy Fund	500,000.00	
Subsidy for cultivation of the enterprise brand	500,000.00	1,200,000.00
Subsidy for international market development of small & medium-sized enterprise	377,144.00	380,221.00
Subsidy from Zhongshan Finance Bureau (CZ028001 provincial special project 2019)	305,646.49	
Promoting the new industry ( annual output of 0.6 million medium& large volume environmental protection and energy	304,412.52	304,412.52
2018 Zhongshan Special fund for industrial development - Special topic of technical transformation	265,723.80	296,646.81
Equipment subsidy for the industrial base technical renovation from Economic and Information Commission	235,000.00	179,160.00
Return of service charge of individual income tax	219,724.18	338,175.13
Promotion of the energy-saving room air conditioner	210,309.24	210,309.24
Award subsidy for intellectual property	205,000.00	444,400.00
Industrial Development Fund	200,000.00	1,440,000.00
Upgrade project for the production line of Mianyang Meiling Intelligent Refrigerator	197,499.96	65,833.32
Subsidy for equipment purchasing for Hefei Tech. Improvement project in 2017	179,160.00	235,000.00
Subsidy for purchase of R & D instruments and equipment	167,482.30	
Technical transformation subsidy	108,581.67	
Technical renovation of air conditioner production line	95,829.50	
Special fund for technical improvement	63,193.35	96,727.01
Special fund for technical improvement	61,203.83	61,203.83
Technical transformation of refrigerator evaporator workshop	60,625.00	59,345.54
Subsidy for the development on production line technical reform for green-friendly high-quality metal pipe	40,892.60	40,892.60
Subsidy for industrial development policy from Hefei for first half of 2020	36,216.67	
Refrigerator evaporator workshop	29,033.04	

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Current Year	Last Year
Technology transformation funds	10,000.00	42,885.24
Robot policy-rewards for purchasing robots	5,843.74	
Special guiding fund for construction of “Three project and One innovation”		500,000.00
Special funds for steady growth of foreign trade in Zhongshan for 2017		1,532,797.00
Special funds for economic development of 2019		410,102.00
Provincial special fund for industrial transformation of the 2 <sup>nd</sup> batch for 2019		1,000,000.00
Award subsidy for industrial linkage development		1,239,100.00
Special fund for promoting innovation and development of processing trade		1,000,000.00
Policy of promoting the development of new industrialization		367,800.00
Innovation development project for the E-Business		370,429.05
Subsidy for E-business sales		2,000,000.00
Reward for the smart home appliance technology of the industry policy		900,000.00
National high-Tech award		400,000.00
Commercial circulating funds for promoting the policy of service industry from economy & development zone		400,000.00
Premium subsidy for science & technology insurance		600,000.00
Award for integration of information technology and industrialization		699,539.00
Government subsidy for the project of ministry of finance of science and education entrepreneurship park in Mianyang Technology Town		265,393.74
Venture expansion fund		500,000.00
Subsidy for equipment renovation		1,019,312.50
Award subsidy for provincial manufacturing industry & internet integration demonstration enterprise		500,000.00
Supplementary fund for characteristic dual creative carriers of borrowing and transferring		4,000,000.00
Subsidy for staff training		819,422.65
Subsidy for home appliance standards customization project from China Household Appliances Research Institute		574,000.00
Special fund for industrial development of Zhongshan City		465,723.80

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Current Year	Last Year
Science and technology development special fund project of Zhongshan City		200,000.00
Patent subsidy funds		395,000.00
Other units	3,534,135.95	3,153,426.88
<b>Total</b>	<b>104,122,180.27</b>	<b>110,281,102.69</b>

### 47. Investment income

Item	Current Year	Last Year
Long-term equity investment income by equity method	-3,500,527.61	-8,049,228.81
Investment income obtained from disposal of tradable financial assets	46,456,622.69	-78,815,580.08
Income from financial products	7,952,740.73	53,507,866.92
Investment income of other non-current financial assets during holding period	27,218,378.81	661,434.48
<b>Total</b>	<b>78,127,214.62</b>	<b>-32,695,507.49</b>

### 48. Changes in fair value gains

Item	Current Year	Last Year
Tradable financial assets	39,512,070.15	-1,523,366.67
Including :Income of fair value changes from derivative financial instruments	39,512,070.15	-1,523,366.67
Tradable financial liability	-3,506,201.30	54,516,996.83
Including :Income of fair value changes from derivative financial instruments	-3,506,201.30	54,516,996.83
Other non-current financial assets	5,608,931.34	
<b>Total</b>	<b>41,614,800.19</b>	<b>52,993,630.16</b>

### 49. Credit impairment loss

Item	Current Year	Last Year
Note receivable bad debt loss	-6,578,442.30	15,359,134.10
Account receivable bad debt loss	-14,508,281.88	-9,496,891.77
Other account receivable bad debt loss	4,028,236.18	-1,228,945.44
<b>Total</b>	<b>-17,058,488.00</b>	<b>4,633,296.89</b>

### 50. Assets impairment loss

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Current Year	Last Year
Loss on inventory valuation	-56,152,155.82	-19,795,727.76
Impairment loss on intangible assets	-22,114,421.01	-8,815,051.75
Impairment loss on fixed assets	-445,081.08	-1,798,225.06
<b>Total</b>	<b>-78,711,657.91</b>	<b>-30,409,004.57</b>

### 51. Income from assets disposal

Item	Current Year	Last Year	Amount reckoned into non-recurring gains/losses in Current Year
Income from non-current assets disposal	-500,976.21	-9,537,945.52	-500,976.21
Including: income classify to assets ready for sale			
income not classify as to assets ready for sale	-500,976.21	-9,537,945.52	-500,976.21
Including: Income from fixed assets disposal	-500,976.21	-5,493,947.51	-500,976.21
Income from intangible assets disposal		-4,043,998.01	
<b>Total</b>	<b>-500,976.21</b>	<b>-9,537,945.52</b>	<b>-500,976.21</b>

### 52. Non-operation revenue

#### (1) Non-operation revenue

Item	Current Year	Last Year	Amount reckoned into non-recurring gains/losses in Current Year
Income of penalty	561,010.41	863,078.25	561,010.41
Government subsidy		115,000.00	
Other	7,907,595.00	5,501,844.73	7,907,595.00
<b>Total</b>	<b>8,468,605.41</b>	<b>6,479,922.98</b>	<b>8,468,605.41</b>

#### (2) Government subsidy

Item	Current Year	Last Year	Resource and basis	Assets/income related
Total other government subsidy		115,000.00		
<b>Total</b>		<b>115,000.00</b>		

### 53. Non-operating expenditure

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Current Year	Last Year	Amount reckoned into non-recurring gains/losses in Current Year
Non-current asset retirement losses	1,610,319.34		1,610,319.34
Public welfare donation expenditure	413,569.21		413,569.21
Penalty and late fee	556,035.82	295,126.45	556,035.82
Other	5,064,717.27	5,114,631.25	5,064,717.27
<b>Total</b>	<b>7,644,641.64</b>	<b>5,409,757.70</b>	<b>7,644,641.64</b>

### 54. Income tax expenses

#### (1) Income tax expenses

Item	Current Year	Last Year
Current income tax	18,657,750.29	8,656,853.45
Deferred Income Tax	-25,413,978.61	17,609,171.49
<b>Total</b>	<b>-6,756,228.32</b>	<b>26,266,024.94</b>

### 55. Other comprehensive income

Found more in 37. Other comprehensive income in VI

### 56. 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 Year	Last Year
Government subsidy and rewards	95,927,171.54	107,265,513.11
Cash deposit, deposit	37,095,731.45	14,723,011.12
Collection of restriction fund	7,872,582.73	35,368,949.87
Rental income	7,062,728.75	7,924,382.64
Compensations	2,594,225.87	3,065,739.13
Petty cash collection	669,366.91	95,880.00
Trademark use fee		315,726.01
Other	7,854,834.00	3,962,164.63
<b>Total</b>	<b>159,076,641.25</b>	<b>172,721,366.51</b>

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

### 2) Cash paid for other activities relating to operation

Item	Current Year	Last Year
Market expenses	255,164,897.06	285,132,543.41
Rental fee	119,053,780.02	173,859,467.31
Travel expenses, meeting fees and exhibition fees	36,309,468.38	73,029,607.07
Petty cash, deposit, Cash deposit	54,464,272.08	73,354,112.01
Advertising fee	7,478,184.84	34,667,697.12
Transfer to restriction fund	76,693,696.74	14,496,135.53
Vehicle expenses	22,580,186.94	18,419,063.04
Business activities fee	14,449,890.29	29,264,931.29
Inspection and certification fee, certification charge and reviewing fee	35,181,026.65	27,067,600.74
Technological cooperation costs and consulting charge	21,277,315.33	10,935,357.90
Board fee	1,831,261.76	9,409,783.66
Service supporting fee	70,451,962.30	84,858,392.13
Service Charge	11,957,196.81	15,939,966.84
Office expenses	8,118,120.21	8,414,528.45
Communication fee	2,211,811.13	4,356,964.71
Labor service fee	6,369,121.47	10,746,378.64
Repair charge	13,097,229.57	12,704,160.68
Other	101,246,863.15	100,553,596.73
<b>Total</b>	<b>857,936,284.73</b>	<b>987,210,287.26</b>

### 3) Cash received from other activities relating to investment

Item	Current Year	Last Year
Interest income arising from bank savings	139,527,348.90	126,072,829.83
Foreign exchange investment income	47,402,894.53	
Cash deposit	1,317,038.52	688,706.45
<b>Total</b>	<b>188,247,281.95</b>	<b>126,761,536.28</b>

### 4) Cash paid for other activities relating to investment

Item	Current Year	Last Year
Losses of forward exchange settlement	946,271.84	78,815,580.08
Bid bond refund	40,000.00	
<b>Total</b>	<b>986,271.84</b>	<b>78,815,580.08</b>

### 5) Cash received from other activities relating to financing



## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Current Year	Last Year
Recover loan cash deposit	23,232,000.00	
Meiling series (internal) bill discounting fundraising	4,919,427.20	
<b>Total</b>	<b>28,151,427.20</b>	

### 6) Cash paid for other activities relating to financing

Item	Current Year	Last Year
Payment for B share repurchase	9,934,941.56	
Financing lease	2,570,997.36	1,900,677.91
Handling charge of dividend	36,893.14	44,313.96
Loan deposit		23,232,000.00
Repayment of investment		7,000,000.00
Intermediary service fee from financing		308,736.00
<b>Total</b>	<b>12,542,832.06</b>	<b>32,485,727.87</b>

### (2) Supplementary of the consolidated cash flow statement

Item	2020	2019
<b>1. Net profit is adjusted to cash flow of operation activities:</b>		
Net profit	-79,122,112.48	43,512,200.81
Add: provision for depreciation of assets	17,652,497.13	25,775,707.68
Credit impairment loss	13,330,145.31	
Depreciation of fixed assets, consumption of oil gas assets and depreciation of productive biological assets	224,389,307.35	194,179,175.14
Amortization of intangible assets	138,997,172.49	116,308,174.70
Amortization of long-term retained expense	500,976.21	9,537,945.52
Loss from disposal of fixed assets, intangible assets and other long term assets(gain is listed with "-")	1,610,319.34	
Loss from discarding fixed assets as useless (gain is listed with "-")	-41,614,800.19	-52,993,630.16
Loss from change of fair value(gain is listed with "-")	-18,314,184.54	-22,926,471.28
Financial expense (gain is listed with "-")	-78,127,214.62	32,695,507.49
Investment loss (gain is listed with "-")	-29,732,801.80	14,750,478.61
Decrease of deferred income tax assets (increase is listed with "-")	4,318,823.19	3,158,060.03
Increase of deferred income tax liabilities (decrease is listed with "-")	-249,696,219.79	739,888,328.32
Decrease of inventories (increase is listed with "-")	196,371,339.03	253,957,057.05
Decrease of operational accounts receivable (increase is listed with "-")	1,247,489,556.08	-92,558,557.19

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	2020	2019
Other	55,463,419.75	19,720,008.32
Net cash flow arising from operation activities	1,403,516,222.46	1,285,003,985.04
<b>2. Major investment and financing activities that do not involve cash receipts:</b>		
Conversion of debt into capital		
Switching Company bonds due within one year		
financing lease of fixed assets		
<b>3. Net change in cash and cash equivalents:</b>		
Balance at year-end of cash	6,425,529,815.10	5,385,807,475.51
Less: Balance at year-begin of cash	5,385,807,475.51	4,484,643,187.93
Add: Balance at year-end of cash equivalents		
Less: Balance at year-begin of cash equivalents		
Net increase in cash and cash equivalents	<b>1,039,722,339.59</b>	<b>901,164,287.58</b>

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

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

(5) Cash and cash equivalent

Item	Current Year	Last Year
Cash	6,425,529,815.10	5,385,807,475.51
Including: cash in stock	35,088.07	44,818.07
Bank deposits available for payment at any time.	6,049,544,898.32	4,771,094,609.77
Other monetary fund available for payment at any time	375,949,828.71	614,668,047.67
Cash equivalents		
Including: bond investment due within 3 months		
Balance of cash and cash equivalents at year-end	6,425,529,815.10	5,385,807,475.51
Including: using the restricted cash and cash equivalents of the parent company or subsidiary of the group		

### 57. Assets with ownership or the right to use restricted

Item	Book value at year-end	Reasons
Monetary fund	159,382,669.14	Cash deposit, Frozen funds
Receivables financing <sup>note 1</sup>	548,295,149.14	Pledged
Investment real estate <sup>note 2</sup>	3,639,780.95	Pledged
Fixed assets <sup>note 2</sup>	363,788,878.69	Pledged
Intangible assets <sup>note 2</sup>	289,567,335.79	Pledged

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Book value at year-end	Reasons
<b>Total</b>	<b>1,364,673,813.71</b>	

Note 1: The note receivable listed in receivables financing was pledged for: short-term financing from the bank; 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: The mortgage of investment real estate, fixed assets, and intangible assets is the mortgage of houses and buildings and land use rights. For details, please refer to Note VI. 29. Long-term loans.

### 58. Foreign currency

#### (1) Foreign currency

Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
<b>Monetary fund</b>			<b>202,737,892.02</b>
Including: USD	10,051,207.36	6.5249	65,583,122.90
Euro	9,761,377.61	8.0250	78,335,055.32
AUD	2,697,258.22	5.0163	13,530,256.41
Pakistan Rupi	33,393,777.12	0.04065	1,357,457.04
IDR	10,488,306,782.95	0.0004644	4,870,769.67
HKD	40,394,423.62	0.8416	33,995,946.92
PHP	37,217,367.82	0.1361	5,065,283.76
<b>Account receivable</b>			<b>825,659,818.12</b>
Including: USD	96,022,567.81	6.5249	626,537,652.70
Euro	6,426,785.54	8.0250	51,574,953.96
AUD	16,489,237.00	5.0163	82,714,959.56
Pakistan Rupi	1,206,060,581.30	0.04065	49,026,362.63
IDR	34,035,075,939.19	0.0004644	15,805,889.27
<b>Other account receivable</b>			<b>6,884,721.82</b>
Including: USD	879,700.13	6.5249	5,739,955.38
Pakistan Rupi	15,974,268.39	0.04065	649,354.01
IDR	1,057,987,575.37	0.0004644	491,329.43
PHP	30,000.00	0.1361	4,083.00
<b>Account payable</b>			<b>24,452,910.55</b>

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
Including: USD	2,904.75	6.5249	18,953.20
Euro	13,419.32	8.0250	107,690.04
Pakistan Ruppi	219,900,318.57	0.04065	8,938,947.95
IDR	33,133,762,618.43	0.0004644	15,387,319.36
<b>Other account payable</b>			<b>35,041,126.61</b>
Including: USD	10,007.76	6.5249	65,299.63
AUD	1,528,235.60	5.0163	7,666,088.24
Euro	1,381,720.30	8.0250	11,088,305.41
HKD	38,744.82	0.8416	32,607.64
Pakistan Ruppi	310,650,224.85	0.04065	12,627,931.64
IDR	7,336,718,148.98	0.0004644	3,407,171.91
PHP	1,129,479.34	0.1361	153,722.14
<b>Short-term loans</b>			<b>92,497,500.00</b>
Including: Euro	9,500,000.00	8.0250	76,237,500.00
Pakistan Ruppi	400,000,000.00	0.04065	16,260,000.00

### (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 Ruppi. CHANGHONG MEILING ELECTRIC INDONESIA, PT, mainly operates in Jakarta; recording currency is IDR. CH-Meiling International (Philippines) Inc, mainly operates in Philippines; Recording currency is PHP.

### 59. Government subsidy

Item	Amount	Item	Amount reckoned into current gain/loss
Industrial development policy subsidy	28,058,461.33	Other income	28,058,461.33
Subsidy for export credit insurance	7,516,778.79	Other income	7,516,778.79
Subsidy for industrial development policy from Hefei for second half of 2019	7,154,200.00	Deferred income	1,788,550.00
Subsidy for employment stable	5,520,715.46	Other income	5,520,715.46

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Amount	Item	Amount reckoned into current gain/loss
Tax refund	5,381,762.75	Other income	5,381,762.75
Centre for external cooperation of the environmental protection	5,076,600.00	Deferred income	
Some policy subsidies to support the development of digital economy in Anhui	3,500,000.00	Other income	3,500,000.00
Subsidy for industrial development policy from Hefei for first half of 2020	3,476,800.00	Deferred income	36,216.67
Enterprise policy funds from Economic and Trade Development Bureau in Hefei economic development zone	3,074,766.67	Other income	3,074,766.67
Special subsidy for Nanjing Port	2,571,170.00	Other income	2,571,170.00
Increase in operating fee subsidies for propane production lines in the room air conditioner industry	2,403,000.00	Other income	2,403,000.00
Sichuan Province Accounts Receivable Financing Core Enterprise Reward and Make Up	2,369,300.00	Other income	2,369,300.00
Talent subsidies	1,931,630.00	Other income	1,931,630.00
Science and technology innovation and enterprise development fund	1,895,786.40	Other income	1,895,786.40
Subsidies for technological transformation and financial incremental contribution projects	1,681,100.00	Other income	1,681,100.00
Large enterprises and large groups drive financing and development projects for small and medium-sized enterprises	1,430,000.00	Other income	1,430,000.00
Provincial-level foreign trade fund subsidy from finance bureau in Hefei economic development zone	1,338,474.94	Other income	1,338,474.94
Promote high-quality manufacturing development awards in 2019	1,275,000.00	Other income	1,275,000.00

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Amount	Item	Amount reckoned into current gain/loss
Special funds for foreign economic & trade development and port construction for 2018	1,062,566.00	Other income	1,062,566.00
Policy subsidy for promoting scientific and technological innovation	987,900.00	Other income	987,900.00
Subsidy received from the government to activate idle factories	843,732.00	Other income	843,732.00
Special funds for provincial-level innovation-driven development	800,000.00	Other income	800,000.00
Epidemic subsidy	771,450.00	Other income	771,450.00
State-funded project-research and development of frequency conversion control chip	700,000.00	Other income	700,000.00
Corporate subsidy income	665,061.00	Other income	665,061.00
Enterprise special fund	630,000.00	Other income	630,000.00
Emerging Industry Base Fund Support Project	620,000.00	Deferred income	
Tax contribution award	584,300.00	Other income	584,300.00
Special funds for overseas investment insurance	576,699.00	Other income	576,699.00
Robot policy-rewards for purchasing robots	561,000.00	Deferred income	5,843.74
Logistics subsidy	550,000.00	Other income	550,000.00
IC Industry Policy Fund	500,000.00	Other income	500,000.00
Subsidy for cultivation of the enterprise brand	500,000.00	Other income	500,000.00
Subsidy for international market development of small & medium-sized enterprise	377,144.00	Other income	377,144.00
Special fund for technical improvement	375,700.00	Deferred income	63,193.35
Technical transformation subsidy	317,800.00	Deferred income	108,581.67
Subsidy for purchase of R & D instruments and equipment	280,900.00	Deferred income	167,482.30

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Amount	Item	Amount reckoned into current gain/loss
Award subsidy for intellectual property	205,000.00	Other income	205,000.00
Industrial Development Fund	200,000.00	Other income	200,000.00
Technology transformation fund	10,000.00	Other income	10,000.00
Other units	3,534,135.95	Other income	3,534,135.95
<b>Total</b>	<b>101,308,934.29</b>		<b>85,615,802.02</b>

### VII. Changes of consolidation rage

1. Enterprise combined under the different control: nil

2. Enterprise combined under the same control: nil

3. Reversed takeover: nil

4. Disposal of subsidiary: nil

5. Subsidiary liquidated

Subsidiary	Price of the equity disposed	Ratio of the equity disposed	Way of the equity disposed	Time point of control right lose	Determination basis for the time point of control right lose	Difference between the disposal price and proportion of the subsidiary's net assets enjoy in aspect of the consolidated financial statement, which is respond to the disposal investment	Other comprehensive income transferred into investment income, which related with the equity investment of original subsidiary
Guangxi Huidian Household Electrical Appliances Co., Ltd.		100.00%	Liquidation cancellation	2020.03	Liquidation completed		
Changmei Technology Ltd.		96.256%	Liquidation cancellation	2020.12	Liquidation completed		

6. Subsidiary newly established:

Name of company	New merger	Shareholding	Net asset at	Net profit in
-----------------	------------	--------------	--------------	---------------

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

	reasons	ratio	year-end	Current Year
CH-Meiling International (Philippines) Inc.	Newly established	100.00%	5,475,315.83	-1,169,089.69
Hefei Changhong Meiling Life Electric Co., Ltd.	Newly established	70.00%		

### 7. Subsidiary merger by absorption

Name of company	Equity ratio before absorption	Time for absorption
Chengdu Meiling Electric Appliances Marketing Co., Ltd	100.00%	2020.11
Fuzhou Meiling Electric Appliances Marketing Co., Ltd	100.00%	2020.11
Nanjing Meiling Electric Appliances Marketing Co., Ltd	100.00%	2020.11
Hanzhou Meiling Electric Appliances Marketing Co., Ltd	100.00%	2020.11
Shanghai Meiling Electric Appliances Marketing Co., Ltd	100.00%	2020.11
Beijing Meiling Electric Appliances Marketing Co., Ltd	100.00%	2020.11

In November 2020, Hefei Meiling Group Holding Co., Ltd. Purchased 100% equity of Chengdu Meiling Electric Appliances Marketing Co., Ltd. (hereinafter referred to as "Chengdu Meiling"), Fuzhou Meiling Electric Appliances Marketing Co., Ltd. (hereinafter referred to as "Fuzhou Meiling"), Nanjing Meiling Electric Appliances Marketing Co., Ltd. (hereinafter referred to as "Nanjing Meiling"), Hangzhou Meiling Electric Appliances Marketing Co., Ltd. (hereinafter referred to as "Hangzhou Meiling"), Shanghai Meiling Electric Appliances Marketing Co., Ltd. (hereinafter referred to as "Shanghai Meiling"), Beijing Meiling Electric Appliances Marketing Co., Ltd. The company (hereinafter referred to as "Beijing Meiling") from Hefei Meiling Electric Appliances Marketing Co., Ltd., and merged the six companies by absorption. As of December 31, 2020, the six acquired companies have not yet completed the industrial and commercial cancellation.

## 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	Manufacturing and sales	63.2683		Investment



## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Subsidiary	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
				Directly	Indirectly	
Sichuan Hongmei Intelligent Technology Co., Ltd.2)	Mianyang	Mianyang	Software development		100	Investment
Mianyang Meiling Refrigeration Co., Ltd.3)	Mianyang	Mianyang	Manufacturing and sales	95	5	Investment
Jiangxi Meiling Electric Appliance Co., Ltd.4)	Jingdezhen	Jingdezhen	Manufacturing and sales	98.75	1.25	Investment
Hefei Meiling Wulian Technology Co., Ltd.5)	Hefei	Hefei	Software development	100		Investment
Hefei Meiling Electric Appliances Marketing Co., Ltd 6)	Hefei	Hefei	Sales	99.82	0.18	Investment
Jinan Xiangyou Electric Appliances Marketing Co., Ltd 7)	Jinan	Jinan	Sales		93.4	Investment
Wuhan Meizirong Electrical Marketing Co., Ltd 8)	Wuhan	Wuhan	Sales		92	Investment
Zhengzhou Meiling Electric Appliances Marketing Co., Ltd 9)	Zhengzhou	Zhengzhou	Sales		100	Investment
Taiyuan Meiling Electric Appliances Marketing Co., Ltd. 10)	Taiyuan	Taiyuan	Sales		100	Investment
Guangzhou Meiling Electric Appliances Marketing Co., Ltd. 11)	Guangzhou	Guangzhou	Sales		98	Investment
Tianjin Meiling Electric Appliances Marketing Co., Ltd. 12)	Tianjin	Tianjin	Sales		100	Investment
Hefei Meiling Nonferrous Metal Products Co., Ltd.13)	Hefei	Hefei	Manufacturing and sales		100	Enterprise combined under the different control
Changhong Meiling Ridian Technology Co., Ltd.14)	Zhongshan	Zhongshan	Manufacturing and sales	99.0361		Enterprise combined under the same control
CHANGHONGMEILINGELECTRICINDONESIA,PT 15)	Jakarta	Jakarta	Sales		100	Investment
ChanghongRubaTradingCompany (Private) Limited 16)	Pakistan	Pakistan	Sales		60	Investment
Sichuan Changhong Air Conditioning Co., Ltd.17)	Mianyang	Mianyang	Manufacturing and sales	100		Enterprise combined under the same control
Zhongshan Changhong Electric Co., Ltd.18)	Zhongshan	Zhongshan	Manufacturing and sales	90	10	Enterprise combined under the same control
Hefei Meiling Group Holdings Limited19)	Hefei	Hefei	Manufacturing and sales	100		Enterprise combined under the different control

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Subsidiary	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
				Directly	Indirectly	
						control
Meiling Equator Household Appliance (Hefei) Co., Ltd. 20)	Hefei	Hefei	Manufacturing and sales		100	Enterprise combined under the different control the
Hefei Equator Appliance Co., Ltd. 21)	Hefei	Hefei	Manufacturing and sales		100	Enterprise combined under the different control the
Hongyuan Ground Energy Heat Pump Tech. Co., Ltd. 22)	Mianyang	Mianyang	Manufacturing and sales		51	Investment
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd. 23)	Zhongshan	Zhongshan	Manufacturing and sales		51	Investment
Meiling CANDY Washing Machine Co., Ltd. 24)	Hefei	Hefei	Manufacturing and sales	60		Investment
Guangzhou Changhong Trading Co., Ltd. 25)	Guangzhou	Guangzhou	Sales		100	Investment
Hebei Hongmao Household Appliance Technology Co., Ltd. 26)	Handan	Handan	Manufacturing and sales		99.0361	Investment
Anhui Tuoxing Technology Co., Ltd. 27)	Hefei	Hefei	R&D of technology		63.2683	Investment
CH-Meiling International (Philippines) Inc. 28)	Philippines	Philippines	Sales	100		Investment
Hefei Changhong Meiling Life Electric Co., Ltd. 29)	Hefei	Hefei	Sales	70		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)

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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 37<sup>th</sup> session of the 7<sup>th</sup> 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 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 4<sup>th</sup> 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.

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

On September 9, 2019, the 10<sup>th</sup> Meeting of the Second Board of Directors and the Fourth Extraordinary Shareholders' Meeting reviewed and approved the Proposal on the First Stock Issuance Plan of Zhongke Meiling Cryogenic Technology Co., Ltd. in 2019 (Revised Version), the number of shares to be issued this time does not exceed 3,907,900 shares (including 3,907,900 shares), the issue price is not less than 2.16 yuan per share, and the raised funds are expected to not exceed 8,441,064.00 yuan (including 8,441,064.00 yuan). After the completion of the additional issue, the company's share capital increased to 72,548,200 shares, which was verified by [No. XYZH/2020CDA30002] "Capital Verification Report" issued by Shine Wing Certified Public Accountants (LLP), and the Company's shareholding ratio was 63.2683%.

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

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

---

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.

5) Hefei Meiling Wulian Technology Co., Ltd. (hereinafter referred to as Wulian Technology) was established dated 21 January 2019 with registered capital of RMB 10 million, and it is the subsidiary of the Company with fully-owned establishment. As of December 31, 2020, paid in capital is 6 million yuan

6) Hefei Meiling Electric Appliances 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.

7) Jinan Xiangyou Electric Appliances Marketing Co., Ltd (hereinafter referred to as Jinan Xiangyou) was established dated 3 June 2011 with registered capital of RMB 3 million; Meiling

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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, In 2019, minority shareholders step out, shares of Jinan Meiling hold by Meiling Marketing changed to 93.4%.

8) Wuhan Meizirong Electrical 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 4.60 million, accounted for 92% of the registered capital.

9) Zhengzhou Meiling Electric Appliances 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.

9) Taiyuan Meiling Electric Appliances 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.

11) Guangzhou Meiling Electric Appliances 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.

12) Tianjin Meiling Electric Appliances 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.

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

---

13) 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 (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.

14) Changhong Meiling Ridian Technology Co., Ltd. (hereinafter referred to as Ridian Technology) 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]. Ridian Technology 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].

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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 Ridian Technology's registered capital to Sichuan Changhong Venture Investment Co., Ltd at the cost of 317,802 Yuan. The other shareholders of the Ridian Technology waived the right of pre-emption. On December 11, 2014, Ridian Technology 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 Ridian Technology 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%.

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

On 7 April 2020, Ridian Technology convened the shareholders' meeting, and agreed the Wu Changyuan to transferred total 0.18% equity of the Ridian Technology to the Company. After the transfer, the Company directly holds 99.0361% stock rights of Ridian Technology.

15) 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.

16) Changhong Ruba Trading Company (Private) Limited (hereinafter referred to as Changhong Ruba)



## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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%.

17) Sichuan Changhong Air Conditioning 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%.

18) 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 bidding for the estate/ non-estate from original Zhongshan Sanrong Air-conditioner Co., Ltd. And its patent use-right of RMB2.7 million, accounting for 90% of the registered capital; Chine

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

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. In March 2020, in accordance with the Company's overseas development strategy and the operation and development needs of its subsidiaries, the Company and its wholly-owned subsidiary Changhong Air Conditioning increased capital of RMB 150 million to Zhongshan Changhong according to the existing shareholding ratios, of which the Company increased capital of RMB 135 million, Changhong Air-Conditioning increased capital of RMB 15 million. After the completion of capital increase, the registered capital of Zhongshan Changhong has increased to RMB 334 million. The Company's and Changhong's shareholding ratios in Zhongshan Changhong remain unchanged at 90% and 10%, of which the Company funded RMB 300.6 million, accounting for 90% of the registered capital, while Changhong Air Conditioning funded RMB 33.4 million, accounting for 10% of the registered capital.

19) 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.

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

---

20) 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.

21) 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 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.

22) 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.

23) 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

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

24) 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.

25) 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

26) 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. Changhong Ridian invested 5 million Yuan by own fund and takes 100% in registered capital.

27) 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. As of December 31, 2020, actually 5 million yuan contributed.

28) CH-Meiling.International (Philippines) Inc. was established on 13 February 2020 in Philippines with registered capital of US\$ 1,000,000, takes 100% of the equity. As of December 31, 2020, the Company has invested US\$ 1,000,000,

29) Hefei Changhong Meiling Life Electric Co., Ltd was established on 24 December 2020, jointly established by the Company and Ningbo Hongling Enterprise Management Partnership (Limited Partnership). the Company contributed 35 million yuan, representing 70% of the equity while 15 million yuan invested by Ningbo Hongling Enterprise Management Partnership (Limited Partnership), a 30% takes in the equity.

### (2) Major non-wholly-owned subsidiary

Subsidiary	Shareholding ratio of minority	Gains/losses attributable to minority in Current Year	Dividend distributed to minority announced in Current Year	Balance of minority's interest at year-end
Zhongke Meiling	36.73%	16,912,259.50	4,796,676.00	68,814,126.04
Hongyuan Ground Energy	49.00%	-2,614,269.79		17,111,800.28
Ridian Technology	0.96%	395,230.53	600,000.00	1,288,826.12

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

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Subsidiary	Balance at year-end					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Zhongke Meiling	386,201,073.54	133,596,263.07	519,797,336.61	323,587,127.53	8,867,591.28	332,454,718.81
Hongyuan Ground Energy	110,464,175.51	25,279,044.46	135,743,219.97	100,181,345.93	639,832.66	100,821,178.59
Ridian Technology	572,516,245.87	50,889,561.24	623,405,807.11	488,419,038.99	484,047.64	488,903,086.63

(Continued)

Subsidiary	Balance at year-begin					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Zhongke Meiling	173,698,258.09	135,802,000.42	309,500,258.51	146,202,370.20	8,938,774.23	155,141,144.43
Hongyuan Ground Energy	72,495,161.24	29,851,452.34	102,346,613.58	59,872,173.74	2,217,153.99	62,089,327.73
Ridian Technology	469,012,870.35	55,302,405.39	524,315,275.74	368,560,861.13	171,540.99	368,732,402.12

(Continued)

Subsidiary	Current Year			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongke Meiling	372,599,049.12	46,042,179.72	46,042,179.72	140,128,507.32
Hongyuan Ground Energy	269,504,660.68	-5,335,244.47	-5,335,244.47	51,692,147.85
Ridian Technology	1,083,259,433.15	41,169,846.86	41,169,846.86	51,830,916.29

(Continued)

Subsidiary	Last Year			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongke Meiling	222,867,915.68	16,517,245.60	16,517,245.60	42,134,505.66
Hongyuan Ground Energy	405,759,143.48	5,360,622.82	5,360,622.82	3,492,950.80
Ridian Technology	629,710,961.93	19,614,873.59	19,614,873.59	131,645,676.68

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

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

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

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

Item	Ridian Technology	Wuhan Meizirong	Chengdu Meiling	Shanghai Meiling	Total
Original ratio of shares held	98.86%	91.00%	96.00%	99.00%	
Equity purchased from minority	0.18%	1.00%	4.00%	1.00%	6.18%
Share issuance					
Ratio of shares held at period-end	99.04%	92.00%	100.00%	100.00%	
Cost of purchasing minority equity	280,049.17	50,000.00	1.00	1.00	330,051.17
Less: Ratio of the net assets measured by equity ratio while acquiring the subsidiary	290,387.46	-40,281.25	-450,354.49	-119,871.42	-320,119.70
Equity dilution for shares issuance					
Balance	-10,338.29	90,281.25	450,355.49	119,872.42	650,170.87
Including: Capital public reserve adjusted	-10,338.29	90,281.25	450,355.49	119,872.42	650,170.87

In 2020, due to the acquisition of minority shareholders' equity in a subsidiary - Changhong Meiling Ridian Technology Co., Ltd, there is no difference between the newly acquired long-term equity investment and the share of net assets of the subsidiary calculated on an ongoing basis from the date of purchase based on the newly acquired shareholding.

In 2020, due to the acquisition of minority shareholders' equity of Wuhan Meizirong Electrical Marketing Co., Ltd by subsidiary, the difference between the newly acquired long-term equity investment and the share of net assets of the subsidiary calculated on an ongoing basis from the date of purchase based on the newly acquired shareholding amounted as 90,281.2 yuan, which was included in the capital reserves.

In 2020, due to the acquisition of minority shareholders' equity of Chengdu Meiling and Shanghai Meiling by the subsidiary, the difference between the newly acquired long-term equity investment and the share of net assets of the subsidiary calculated on an ongoing basis from the date of purchase based on the newly acquired shareholding amounted as 570,227.91 yuan, which was included in the capital reserves.

### 3. Equity in joint venture or associate enterprise

(1) Major joint venture or associate enterprise

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Joint venture or associate enterprise	Main office place	Register place	Business nature	Shareholding ratio (%)		Accounting treatment for investment of joint venture or associate enterprise
				Directly	Indirectly	
<b>Associated companies:</b>						
1.ChanghongRubaElectricCompany (Private)Ltd.	Lahore, Pakistan	Lahore	Manufactures, sales		40.00	Equity
2.Hefei Xingmei Assets Management Co., Ltd.	Hefei	Hefei	Rental, agency	48.28		Equity
3.Sichuan Zhiyijia Network Technology Co., Ltd.	Mianyang	Mianyang	Sales	50.00		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	Manufactures, sales		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	Balance at year-end /Current Year					
	ChanghongRubaElectricCompany(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	68,287,114.60	626,580.92	3,812,812,831.86	40,622,241.47	21,480,727.03	17,707,474.44
Including: cash and cash equivalent	5,536,272.95	119,477.66	2,996,535,171.99	52,958.51	10,450,786.16	2,371,663.95
Non-current assets	45,830,745.35	18,704,537.29	1,226,646.52	10,161,277.73	12,352.49	13,175,012.62
Total assets	114,117,859.95	19,331,118.21	3,814,039,478.38	50,783,519.20	21,493,079.52	30,882,487.06
Current liability	129,084,729.80	5,192,189.07	3,724,855,931.57	5,562,937.27	10,075,118.54	19,463,087.16
Non-current liability			117,900.00			1,886,933.19
Total liabilities	129,084,729.80	5,192,189.07	3,724,973,831.57	5,562,937.27	10,075,118.54	21,350,020.35
Minority's interest						822,750.86
Equity attributable to shareholder of parent company	-14,966,869.86	14,138,929.14	89,065,646.81	45,220,581.93	11,417,960.98	8,709,715.85
Share of net assets measured by shareholding	-5,986,747.94	6,826,274.99	44,532,823.41	22,158,085.15	2,854,490.25	2,177,428.96
Adjustment						
--Goodwill			821,877.28			3,887,027.34

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Balance at year-end /Current Year					
	ChanghongRubaElectricCompany(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.
Unrealized profit of the internal downstream transactions	49,697.83		6,191,361.16	54,975.58	4,398.74	24,449.53
Unrealized profit of the internal upstream transactions						
Other	5,937,050.11					
Book value of the equity investment for associate enterprise		6,826,274.99	39,163,339.53	22,103,109.57	2,850,091.51	6,040,006.77
Fair value of equity investment for the affiliates with consideration publicly						
Operation income	99,936,478.74		8,580,600,638.78	54,153,864.35	735,204.43	12,146,793.64
Financial expenses	10,579,123.20	205,425.73	-36,003,354.14	3,384.58	-404,094.60	179,807.87
Income tax expenses	1,422,278.04		3,181,576.89			
Net profit	-18,981,775.32	-3,579,823.40	8,132,610.22	-2,554,686.34	190,298.81	-8,962,600.48
Net profit of discontinuing operation						
Other comprehensive income						
Total comprehensive income	-18,981,775.32	-3,579,823.40	8,132,610.22	-2,554,686.34	190,298.81	-8,962,600.48
Dividend received from associate enterprise in Current Year						

(Continued)

Item	Balance at year-begin/Last Year					
	ChanghongRubaElectricCompany(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	104,632,500.22	1,833,902.21	3,365,539,682.22	46,101,621.41	21,254,869.83	18,277,711.92
Including: cash and	5,030,479.12	1,726,698.95	2,349,815,225.85	925,625.77	11,975,680.17	3,026,977.11



## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Balance at year-begin/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.
cash equivalent						
Non-current assets	52,830,981.68	17,138,280.87	1,252,898.22	12,965,065.72	39,777.34	14,593,410.88
Total assets	157,463,481.90	18,972,183.08	3,366,792,580.44	59,066,687.13	21,294,647.17	32,871,122.80
Current liability	153,934,962.09	1,253,430.54	3,272,121,806.17	11,291,418.86	10,066,985.00	14,376,055.61
Non-current liability			651,580.00			
Total liabilities	153,934,962.09	1,253,430.54	3,272,773,386.17	11,291,418.86	10,066,985.00	14,376,055.61
Minority's interest						1,059,268.80
Equity attributable to shareholder of parent company	3,528,519.81	17,718,752.54	94,019,194.27	47,775,268.27	11,227,662.17	17,435,798.39
Share of net assets measured by shareholding	1,411,407.92	8,554,613.73	47,009,597.14	23,409,881.45	2,806,915.54	4,358,949.60
Adjustment						
--Goodwill			821,877.28			3,887,027.34
Unrealized profit of the internal downstream transactions	393,075.11		2,223,966.56	34,940.80	4,691.99	28,751.02
Unrealized profit of the internal upstream transactions						
Other	-1,018,332.81					
Book value of the equity investment for associate enterprise		8,554,613.73	45,607,507.85	23,374,940.65	2,802,223.55	8,217,225.92
Fair value of equity investment for the affiliates with consideration publicly						
Operation income	190,497,799.56	-	7,062,900,153.63	98,907,938.70	-285,926.94	34,249,377.30
Financial expenses	369,800.99	-5,725.41	-11,188,778.31	73.08	-486,373.04	279,703.22
Income tax expenses	2,656,027.23		1,244,095.42			
Net profit	-25,031,693.64	-1,792,637.83	3,755,397.84	528,794.11	-17,234,926.28	-3,921,022.61
Net profit of discontinuing operation						
Other comprehensive income	-2,111,831.07					

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Balance at year-begin/Last Year					
	ChanghongRuba 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.
Total comprehensive income	-27,143,524.71	-1,792,637.83	3,755,397.84	528,794.11	-17,234,926.28	-3,921,022.61
Dividend received from associate enterprise in Current Year						

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

Item	Balance at year-end /Current Year	Balance at year-begin /Last Year
<b>Associated companies:</b>		
Total book value of investment		
Total amount measured by shareholding ratio		
--Net profit	-251,256.41	-380,361.99
--Other comprehensive income		
-- Total comprehensive income	-251,256.41	-380,361.99

(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

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

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.

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 31 December 2020, the interest-bearing debts mainly referred to borrowing contracts at floating rate denominated in RMB with total amount of 1,335,420,000.00 Yuan, the floating rate loan contract measured by RMB amounted as 495,000,000.00 Yuan in total; borrowing contracts at fixed rate denominated in EUR with total amount of 76,237,500.00 Yuan; borrowing contracts at fixed rate denominated in IDR with total amount of 16,280,000.00 Yuan. 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 Current Year and fair value measurement level

Item	Fair value at year-end			
	1 <sup>st</sup> level	2 <sup>nd</sup> level	3 <sup>rd</sup> level	Total
<b>I. Continuous fair value measurement</b>	—	—	—	—
(i) Trading financial assets	47,242,339.07			47,242,339.07
1. Financial assets measured at fair value and whose changes are included in current gains/losses	47,242,339.07			47,242,339.07
Including: Derivative financial assets	47,242,339.07			47,242,339.07
(ii) Other non-current financial assets		43,148,931.34	505,000,000.00	548,148,931.34
(iii) Receivables financing			1,632,388,702.83	1,632,388,702.83
<b>Total assets continuously measured at fair value</b>	<b>47,242,339.07</b>	<b>43,148,931.34</b>	<b>2,137,388,702.83</b>	<b>2,227,779,973.24</b>

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Fair value at year-end			
	1 <sup>st</sup> level	2 <sup>nd</sup> level	3 <sup>rd</sup> level	Total
(ii) Trading financial liability	4,584,076.51			4,584,076.51
1. Financial liabilities measured by fair value and with variation reckoned into current gains/losses				
Including: Derivative financial liability	4,584,076.51			4,584,076.51
<b>Total liabilities continuously measured at fair value</b>	<b>4,584,076.51</b>			<b>4,584,076.51</b>

2. The basis for determining the market price of continuous and non-continuous first-level fair value measurement items

The company's fair value measurement items are futures contracts and foreign exchange options. The market price of futures contracts is determined based on the closing price of the futures contract at the end of the period; the market price of foreign exchange options is determined based on the quotation of contract products of the foreign exchange options at the end of the period.

3. Qualitative and quantitative information on the valuation techniques used and important parameters for continuous and non-continuous second-level fair value measurement items

The fair value measurement items are long-term investments in the fund companies. For long-term investments in fund companies, the assessed book value can represent the best estimate of fair value within the scope.

4. Qualitative and quantitative information on the valuation techniques used and important parameters for continuous and non-continuous third-level fair value measurement items

The company's fair value measurement items are investments in Sichuan Changhong Group Finance Co., Ltd. and Huishang Bank Co., Ltd. Since there is no active market quotation and no major changes have been found in the investment until the reporting period, the investment cost represents the best estimate of the fair value within the scope, so its cost is regarded as the fair value. Due to the short remaining period of the receivables financing, the book value is close to the fair value, and the face amount is used as the fair value.

## XI. Related parties and related transaction

### (I) Relationship of related parties

#### 1. Controlling shareholder and ultimate controller

(1) Controlling shareholder and ultimate controller

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

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	4,616,244,222.00	26.98%	26.98%

Sichuan Changhong Electronics Holding Group 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	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
Sichuan Changhong Electric Co., Ltd.	4,616,244,222.00			4,616,244,222.00

### (3) Shares held by the controlling shareholder and its changes on equity

Controlling shareholder	Amount of shares held		Shareholding ratio	
	Balance at year-end	Balance at year-begin	Ratio at year-end	Ratio at year-beginning
Sichuan Changhong Electric Co., Ltd.	281,832,434.00	281,832,434.00	26.98%	26.98%

## 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 Current Year 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
ChanghongRubaElectricCompany(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

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Joint venture and associated enterprise	Relationship with the company
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

### 4. Other related party

Other related party	Relationship with the company
Sichuan Changhong International Travel Service Co., Ltd.	Control by same controlling shareholder and ultimate controller
Hunan Grand-Pro Intelligent Tech. Company	Control by same controlling shareholder and ultimate controller
Mianyang Huafeng Interconnect Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
CHANGHONG ELECTRIC (AUSTRALIA) PTY.LTD.	Control by same controlling shareholder and ultimate controller
CHANGHONG ELECTRIC MIDDLE EAST FZCO	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Electronic Products Co., Ltd.	Control by same controlling shareholder and ultimate controller
BVCH Optronics (Sichuan) 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
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
ChanghongEuropeElectrics.r.o	Control by same controlling shareholder and ultimate controller
Changhong Huayi Compressor 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 Minsheng Logistics 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 Precision Electronics Tech. 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
Sichuan Changhong Device Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Chengdu Changhong Electronic Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Lejiayi Chain Management Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongwei Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Other related party	Relationship with the company
	controller
Sichuan Changhong Real Estate 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
Hefei Changhong Industrial 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
Guangdong Changhong Electronics 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 Jineng Sunshine Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Power Source Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongxin Software Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Electronic System Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Network Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Mianyang Science & Technology City Big Data 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
Yuanxin Financial Lease Co., Ltd.	Control by same controlling shareholder and ultimate controller
Changhong Shundatong Tech. Development Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Smart Health Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Orion.PDP.Co.,Ltd	Control by same controlling shareholder and ultimate controller
081 Electronic Group 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 Aichuang Science & Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Property Services Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Huanyu Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Jiahong Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Other related party	Relationship with the company
Sichuan Ailian Science & Technology 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
Sichuan Hongcheng Real Estate Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Huafeng Enterprise Group Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan 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
Beijing Changhong Tech. Co. Ltd.	Subsidiary of the associated enterprise of controlling shareholder
Sichuan Hongyu Metal Manufacturing Co., Ltd.	Associated enterprise of other enterprise that have the same controlling shareholder
Sichuan Hongran Green Energy Co., Ltd.	Associated enterprise of controlling shareholder
Sichuan Changxin Refrigeration Parts Co., Ltd.	Associated enterprise of controlling shareholder
Mianyang Highly Electric Co., Ltd.	Associated enterprise of controlling shareholder
Sichuan Hongmofang Network Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Intelligent Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller

### (ii) Related transactions

#### (1) Purchasing commodity

Related party	Content	Current Year (in 10 thousand Yuan)	Last Year (in 10 thousand Yuan)
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Purchasing commodity	59,503.77	63,000.18
Changhong Huayi Compressor Co., Ltd.	Purchasing commodity	46,880.45	38,238.09
Sichuan Changhong Electric Co., Ltd.	Purchasing commodity	34,964.57	33,598.70
Sichuan Changhong Jijia Fine Co., Ltd.	Purchasing commodity	23,064.49	24,924.66
Sichuan Changxin Refrigeration Parts Co., Ltd.	Purchasing commodity	19,221.74	31,004.61
Mianyang Highly Electric Co., Ltd.	Purchasing commodity	13,419.75	20,297.34
Sichuan Aichuang Science & Technology Co., Ltd.	Purchasing commodity	12,606.33	9,800.56
Changhong.Ruba.Electric.Company (Private) Ltd.	Purchasing commodity	7,610.32	14,248.25
Sichuan Changhong Package Printing Co., Ltd.	Purchasing commodity	6,016.51	8,304.76
Changhong International Holdings (Hong Kong) Co., Ltd.	Purchasing commodity	2,655.02	39.47



## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Related party	Content	Current Year (in 10 thousand Yuan)	Last Year (in 10 thousand Yuan)
Sichuan Ailian Science & Technology Co., Ltd.	Purchasing commodity	1,796.54	2,073.65
Sichuan Changhong Electronic Products Co., Ltd.	Purchasing commodity	1,588.38	2,401.66
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Purchasing commodity	1,003.39	1,270.34
Hunan Grand-Pro Intelligent Tech. Company	Purchasing commodity	880.73	777.09
Hefei Changhong Industrial Co., Ltd.	Purchasing commodity	632.25	
Hongyuan Ground Energy Heat Tech. Co., Ltd.	Purchasing commodity	379.24	32.64
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing commodity	371.14	96.01
Guangdong Changhong Electronics Co., Ltd.	Purchasing commodity	293.63	233.81
081 Electronic Group Co., Ltd.	Purchasing commodity	22.70	49.47
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchasing commodity	13.32	99.30
Sichuan Changhong New Energy Technology Co., Ltd.	Purchasing commodity	3.97	2.18
Sichuan Changhong Electronics Holding Group Co., Ltd.	Purchasing commodity	1.78	9.11
Guangyuan Changhong Electronic Technology Co., Ltd.	Purchasing commodity	0.88	37.66
Lejiayi Chain Management Co., Ltd.	Purchasing commodity	0.33	5.96
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Purchasing commodity	0.19	
Sichuan Jiahong Industrial Co., Ltd.	Purchasing commodity	0.03	
Sichuan Hongwei Technology Co., Ltd.	Purchasing commodity		426.64
Sichuan Changhong International Hotel Co., Ltd.	Purchasing commodity		18.86
Sichuan Changhong Power Source Co., Ltd.	Purchasing commodity		0.30
Sichuan Hongxin Software Co., Ltd.	Purchasing commodity		16.98
Sichuan Changhong Property Services Co., Ltd.	Purchasing commodity		0.03
Sichuan Changhong Electronic System Co., Ltd.	Purchasing commodity		4.74
Sichuan Changhong Network Technology Co., Ltd.	Purchasing commodity		9.30
Sichuan Tianyou Guigu Technology Co., Ltd.	Purchasing commodity		-29.26
Chengdu Guigu Environmental Tech. Co., Ltd.	Purchasing commodity		6.46
<b>Total</b>		<b>232,931.45</b>	<b>250,999.55</b>

(2) Accept the services

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Related party	Content	Current Year	Last Year
Sichuan Changhong Minsheng Logistics Co., Ltd.	Accept the services	414,991,661.95	437,841,044.49
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Accept the services	275,753,460.11	239,791,744.81
Sichuan Changhong Electric Co., Ltd.	Accept the services	13,064,499.47	15,698,020.68
Sichuan Hongwei Technology Co., Ltd.	Accept the services	4,359,668.84	372,168.84
Sichuan Changhong Property Services Co., Ltd.	Accept the services	3,044,428.21	4,087,128.07
Sichuan Changhong Electronics Holding Group Co., Ltd.	Accept the services	1,428,582.09	683,104.41
Sichuan Hongxin Software Co., Ltd.	Accept the services	1,120,832.04	344,269.80
Sichuan Changhong Jijia Fine Co., Ltd.	Accept the services	1,002,110.60	38,056.39
Guangyuan Changhong Electronic Technology Co., Ltd.	Accept the services	640,277.20	
Sichuan Jiahong Industrial Co., Ltd.	Accept the services	533,487.03	70,777.77
Guangdong Changhong Electronics Co., Ltd.	Accept the services	491,458.60	478,854.47
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Accept the services	448,031.09	108,415.22
Sichuan Changhong International Travel Service Co., Ltd.	Accept the services	245,433.88	536,069.03
Sichuan Zhiyijia Network Technology Co., Ltd.	Accept the services	185,590.06	2,961,015.42
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Accept the services	86,666.96	
Sichuan Changhong International Hotel Co., Ltd.	Accept the services	51,449.87	146,160.13
Sichuan Changhong Network Technology Co., Ltd.	Accept the services	32,908.38	45,698.47
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Accept the services	16,375.22	2,305,673.20
Sichuan Aichuang Science & Technology Co., Ltd.	Accept the services	16,037.74	
Sichuan Hongmofang Network Technology Co., Ltd.	Accept the services	2,122.64	
Sichuan Changhong Electronic Products Co., Ltd.	Accept the services		450,488.09
081 Electronic Group Co., Ltd.	Accept the services		420,000.00
Sichuan Ailian Science & Technology Co., Ltd.	Accept the services		26,251.68
<b>Total</b>		<b>717,515,081.98</b>	<b>706,404,940.97</b>

### (3) Purchase fuel and power

Related party	Content	Current Year	Last Year
Sichuan Changhong Electric Co., Ltd.	Accept fuel power	18,457,320.38	17,956,706.73
Guangdong Changhong Electronics Co., Ltd.	Accept fuel power	1,122,776.22	1,429,349.92
Changhong Huayi Compressor Co., Ltd.	Accept fuel power	511,235.41	825,915.60
Sichuan Hongran Green Energy Co., Ltd.	Accept fuel power	488,435.52	855,091.21
Hefei Changhong New Energy Technology Co., Ltd.	Accept fuel power	366,759.90	368,818.66
Sichuan Changhong Property Services Co., Ltd.	Accept fuel power	20,789.37	21,883.45

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Related party	Content	Current Year	Last Year
<b>Total</b>		<b>20,967,316.80</b>	<b>21,457,765.57</b>

### (4) Sales of goods/offering labor service

Related party	Content	Current Year (in 10 thousand Yuan)	Last Year (in 10 thousand Yuan)
Sichuan Zhiyijia Network Technology Co., Ltd.	Sales of goods/offering labor service	436,632.20	295,507.43
CHANGHONG (HK) TRADING LIMITED	Sales of goods	48,410.22	36,912.93
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Sales of goods/offering labor service	23,491.31	20,784.26
CHANGHONG ELECTRIC (AUSTRALIA) PTY.LTD.	Sales of goods	14,983.14	6,629.12
Changhong International Holdings (Hong Kong) Co., Ltd.	Sales of goods	13,452.31	164.88
Sichuan Changxin Refrigeration Parts Co., Ltd.	Sales of goods	6,957.18	10,028.00
Changhong Europe Electric s.r.o	Sales of goods	5,483.90	166.90
Sichuan Changhong Jijia Fine Co., Ltd.	Sales of goods/offering labor service	5,473.87	4,486.86
Hongyuan Ground Energy Heat Tech. Co., Ltd.	Sales of goods	5,204.57	9,143.17
Orion.PDP.Co.,Ltd	Sales of goods	2,634.90	3,473.67
Sichuan Changhong Electric Co., Ltd.	Sales of goods/offering labor service	1,301.87	2,277.33
CHANGHONG ELECTRIC MIDDLE EAST FZCO	Sales of goods	1,158.97	1,285.90
Changhong Ruba Electric Company (Private) Ltd.	Sales of goods	1,079.90	7,299.85
Sichuan Aichuang Science & Technology Co., Ltd.	Sales of goods/offering labor service	813.29	109.88
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Sales of goods	572.25	743.53
Lejiayi Chain Management Co., Ltd.	Sales of goods	549.82	6,254.86
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Sales of goods	403.10	599.76
Guangdong Changhong Electronics Co., Ltd.	Sales of goods	158.46	61.73
Chengdu Guigu Environmental Tech. Co., Ltd.	Sales of goods/offering labor service	135.91	1,289.69
Sichuan Changhong International Hotel Co., Ltd	Sales of goods	70.35	1,024.84
Sichuan Changhong Network Technology Co., Ltd.	Offering labor service	99.14	0.10
Sichuan Changhong International Hotel Co., Ltd.	Sales of	73.61	3.62

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Related party	Content	Current Year (in 10 thousand Yuan)	Last Year (in 10 thousand Yuan)
	goods/offering labor service		
Changhong Huayi Compressor Co., Ltd.	Offering labor service	56.60	37.85
Sichuan Changhong Intelligent Technology Co., Ltd.	Offering labor service	54.72	
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Sales of goods/offering labor service	51.09	3.34
Sichuan Changhong New Energy Technology Co., Ltd.	Sales of goods/offering labor service	42.57	12.01
Mianyang Huafeng Interconnect Technology Co., Ltd.	Sales of goods/offering labor service	40.86	844.98
Sichuan Huafeng Enterprise Group Co., Ltd.	Sales of goods/offering labor service	36.43	12.81
Sichuan Changhong Device Technology Co., Ltd.	Sales of goods/Offering labor service	10.56	59.22
Sichuan Changhong Electronic Parts Co., Ltd	Sales of goods/Offering labor service	35.40	8.22
Sichuan Hongxin Software Co., Ltd.	Offering labor service	5.04	
Beijing Changhong Tech. Co. Ltd.	Sales of goods	1.86	
Sichuan Changhong Power Source Co., Ltd.	Sales of goods	1.81	8.44
Sichuan Hongmofang Network Technology Co., Ltd.	Sales of goods	1.73	
Hefei Changhong Industrial Co., Ltd.	Sales of goods	0.43	111.05
Guangyuan Changhong Electronic Technology Co., Ltd.	Sales of goods	0.35	112.06
Sichuan Changhong Minsheng Logistics Co., Ltd.	Sales of goods/offering labor service	3.48	168.46
Sichuan Changhong Real Estate Co., Ltd.	Sales of goods/offering labor service	-2.61	159.22
Sichuan Changhong Education Technology Co., Ltd.	Sales of goods/offering labor service	-84.74	1,194.40
Sichuan Changhong Electronics Holding Group Co., Ltd.	Sales of goods		31.91
Sichuan Hongwei Technology Co., Ltd.	Sales of goods		0.76
Sichuan Changhong Smart Health Technology Co., Ltd.	Sales of goods		0.44
Sichuan Changhong Property Services Co., Ltd.	Sales of goods		6.60

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Related party	Content	Current Year (in 10 thousand Yuan)	Last Year (in 10 thousand Yuan)
BVCH Optronics (Sichuan) Co., Ltd.	Sales of goods		0.68
Sichuan Changhong Electronic Products Co., Ltd.	Sales of goods		8.22
Sichuan Changhong Group Finance Co., Ltd.	Sales of goods		1.84
Sichuan Changhong Package Printing Co., Ltd.	Sales of goods		0.35
081 Electronic Group Co., Ltd.	Sales of goods		1.72
Sichuan Ailian Science & Technology Co., Ltd.	Sales of goods		2.09
Sichuan Jiahong Industrial Co., Ltd.	Sales of goods		13.87
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Sales of goods		0.09
Hunan Grand-Pro Intelligent Tech. Company	Sales of goods		0.29
<b>Total</b>		<b>569,395.85</b>	<b>411,041.01</b>

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

### (5) Provide fuel power

Related party	Content	Current Year	Last Year
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Provide fuels power	7,268,571.71	7,573,536.90
Sichuan Changhong Device Technology Co., Ltd.	Provide fuels power	844,734.88	1,176,255.91
Sichuan Changhong Jijia Fine Co., Ltd.	Provide fuels power	158,726.95	138,288.90
Sichuan Changhong Minsheng Logistics Co., Ltd.	Provide fuels power	86,738.00	73,268.48
Sichuan Zhiyijia Network Technology Co., Ltd.	Provide fuels power	45,684.57	
Guangdong Changhong Electronics Co., Ltd.	Provide fuels power	38,436.16	651,741.40
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Provide fuels power	15,872.50	15,433.17
Sichuan Jiahong Industrial Co., Ltd.	Provide fuels power	13,065.53	
Mianyang Science & Technology City Big Data Technology Co., Ltd.	Provide fuels power	6,763.23	

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Related party	Content	Current Year	Last Year
Sichuan Changhong Network Technology Co., Ltd.	Provide fuels power	6,484.24	
Sichuan Hongwei Technology Co., Ltd.	Provide fuels power	3,137.33	3,664.27
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Provide fuels power		9,503.85
Sichuan Changhong Electric Co., Ltd.	Provide fuels power		13,454.51
<b>Total</b>		<b>8,488,215.10</b>	<b>9,655,147.39</b>

### 6. Related rental

#### (1) Rent out

Lessor	Lessee	Type of assets	Leasing income in Current Year	Leasing income in last year
Changhong Meiling	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	workshop	1,441,574.10	1,427,060.66
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	workshop	541,594.80	403,632.66
Changhong Meiling	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Apartment	447,269.14	628,310.13
Changhong Meiling	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Warehouse	282,430.19	448,301.88
Changhong Meiling	Hefei Changhong Industrial Co., Ltd.	Apartment	228,637.23	257,283.58
Changhong Meiling	Sichuan Changhong Minsheng Logistics Co., Ltd.	Apartment	211,594.52	157,161.90
Changhong Meiling	Sichuan Zhiyijia Network Technology Co., Ltd.	Apartment	209,364.69	
Changhong Meiling	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Apartment	156,252.00	135,130.67
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	Warehouse	139,040.18	133,280.16
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	Apartment	122,133.76	210,139.44
Changhong Meiling	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Office	43,633.32	130,377.53
Changhong Meiling	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Apartment	39,456.00	49,032.95
Changhong Meiling	Sichuan Aichuang Science & Technology Co., Ltd.	Warehouse	34,987.18	37,519.68
Changhong Meiling	Sichuan Hongwei Technology Co., Ltd.	Apartment	31,200.00	
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	Forklift	26,439.91	21,204.11
Changhong Meiling	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Forklift	9,600.00	9,600.00
Changhong	Sichuan Ailian Science & Technology	Warehouse	2,686.20	2,686.20

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Lessor	Lessee	Type of assets	Leasing income in Current Year	Leasing income in last year
Meiling	Co., Ltd.			
Changhong Meiling	Sichuan Aichuang Science & Technology Co., Ltd.	Forklift	2,532.50	4,361.18
Changhong Meiling	Hefei Changhong Industrial Co., Ltd.	Warehouse	2,023.58	
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	Appliance		300.00
Changhong Meiling	Sichuan Changhong Minsheng Logistics Co., Ltd.	Office		23,944.27
Changhong Meiling	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	workshop		43,241.00
Changhong Meiling	Sichuan Changhong Electric Co., Ltd.	Apartment		60,943.50
Zhongke Meiling	Sichuan Changhong Minsheng Logistics Co., Ltd.	workshop	2,352,570.64	2,829,034.65
Jiangxi Meiling	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	workshop	839,228.54	780,677.72
Jiangxi Meiling	Sichuan Changhong Minsheng Logistics Co., Ltd.	Workshop, Office	9,142.86	26,285.71
Jiangxi Meiling	Changhong Huayi Compressor Co., Ltd.	Warehouse space leasing	3,771.43	10,666.66
Changhong Air-conditioner	Sichuan Changhong Jijia Fine Co., Ltd.	workshop	6,131,693.75	
Changhong Air-conditioner	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	House and buildings	5,925,054.84	3,950,036.56
Changhong Air-conditioner	Sichuan Changhong Electric Co., Ltd.	Equipment	2,401,421.34	2,111,100.00
Changhong Air-conditioner	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Equipment	665,334.62	
Changhong Air-conditioner	Sichuan Changhong Jijia Fine Co., Ltd.	Equipment	567,110.67	
Changhong Air-conditioner	Sichuan Changhong Electric Co., Ltd.	workshop	467,599.18	
Changhong Air-conditioner	Sichuan Changxin Refrigeration Parts Co., Ltd.	Processing equipment of U	300,000.00	
Changhong Air-conditioner	Chengdu Guigu Environmental Tech. Co., Ltd.	House and buildings	28,403.67	28,403.67
Changhong Air-conditioner	Sichuan Changhong Electric Co., Ltd.	Conference Room	1,834.86	
Changhong Air-conditioner	Sichuan Changxin Refrigeration Parts Co., Ltd.	House and buildings		300,000.00

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Lessor	Lessee	Type of assets	Leasing income in Current Year	Leasing income in last year
Changhong Air-conditioner	Sichuan Huafeng Enterprise Group Co., Ltd.	Conference Room		3,669.72
Zhongshan Changhong	Guangdong Changhong Electronics Co., Ltd.	Office building	149,076.80	197,458.25
Zhongshan Changhong	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	2# living area	84,813.23	81,240.00
Zhongshan Changhong	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	2# living area	78,313.34	71,451.61
Zhongshan Changhong	Sichuan Changhong Minsheng Logistics Co., Ltd.	Parts of the office building rent-out	31,188.42	35,338.99
Zhongshan Changhong	Sichuan Changhong Device Technology Co., Ltd.	2# living area	10,861.40	58,444.98
Ridian Technology	Sichuan Changhong Device Technology Co., Ltd.	workshop	1,710,745.15	1,417,391.01
Ridian Technology	Sichuan Changhong Minsheng Logistics Co., Ltd.	workshop	76,190.48	
Ridian Technology	Sichuan Hongwei Technology Co., Ltd.	workshop	45,257.14	45,257.14
Ridian Technology	Changhong International Holdings (Hong Kong) Co., Ltd.	Office		95,238.86
Ridian Technology	Changhong International Holdings (Hong Kong) Co., Ltd.	Automobile		31,034.48
<b>Total</b>			<b>25,852,061.66</b>	<b>16,256,241.51</b>

### (2) Lessee of related parties

Lessor	Lessee	Type of assets	Leasing expense in Current Year	Leasing expense in last year
Guangdong Changhong Electronics Co., Ltd.	Zhongshan Changhong	Workshop leasing	1,015,654.68	3,241,100.58
Guangdong Changhong Electronics Co., Ltd.	Zhongshan Changhong	Staff dormitory	178,332.78	
Sichuan Changhong Electric Co., Ltd.	Changhong Air-conditioner	Workshop leasing	2,567,272.94	
Sichuan Changhong Electric Co., Ltd.	Changhong Air-conditioner	Warehouse rental	634,664.55	
Sichuan Changhong Electronics Holding Group Co., Ltd.	Changhong Air-conditioner	Dormitory rental	208,690.40	
Sichuan Changhong Electronics Holding Group Co., Ltd.	Changhong Air-conditioner	Outlets lease	125,548.80	
Guangdong Changhong Electronics Co., Ltd.	Ridian Technology	Staff dormitory	55,294.11	
Sichuan Changhong Electric Co., Ltd.	Ridian Technology	Staff dormitory	48,257.03	
Sichuan Changhong Electric Co., Ltd.	Mianyang Meiling	Workshop leasing	3,246,239.65	42,752.89



## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Lessor	Lessee	Type of assets	Leasing expense in Current Year	Leasing expense in last year
Sichuan Changhong Electronics Holding Group Co., Ltd.	Mianyang Meiling	Staff dormitory	48,785.77	8,528.25
Sichuan Changhong Property Services Co., Ltd.	Mianyang Meiling	Flower lease	9,271.70	114,323.85
Sichuan Changhong Electric Co., Ltd.	Meiling Group	Office	885,487.38	
Beijing Changhong Tech. Co. Ltd.	Meiling Group	Office		78,932.59
Changhong Huayi Compressor Co., Ltd.	Jiangxi Meiling	Staff dormitory	53,246.28	291,940.55
Chengdu Changhong Electronic Technology Co., Ltd.	Hongmei Intelligent	Office	624,277.12	454,450.37
Sichuan Changhong Electric Co., Ltd.	Hongmei Intelligent	Workshop, Office		93,085.18
Guangdong Changhong Electronics Co., Ltd.	Ground Energy Heat Pump	Staff dormitory	103,432.19	147,850.00
<b>Total</b>			<b>9,804,455.38</b>	<b>4,472,964.26</b>

### 7. Related guarantee

Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
Changhong Meiling	Jiangxi Meiling	5,000.00	2019.03.12	2020.03.11	Y
Changhong Meiling	Jiangxi Meiling	10,000.00	2019.03.14	2020.03.14	Y
Changhong Meiling	Jiangxi Meiling	10,000.00	2020.04.09	2021.04.09	N
Changhong Meiling	Nonferrous Metals	1,000.00	2020.03.20	2021.03.05	N
Changhong Meiling	Meiling Group	6,000.00	2020.03.26	2021.03.26	N
Changhong Meiling	Meiling Group	10,000.00	2020.12.30	2021.12.29	N
Changhong Meiling	Changhong Air-conditioner	20,000.00	2019.07.30	2020.03.25	Y
Changhong Meiling	ChanghongRuba	2,062.41	2019.01.28	2020.02.15	Y
Changhong Meiling	ChanghongRuba	2,103.51	2019.12.23	2021.01.15	N
Changhong Meiling	ChanghongRuba	1,983.25	2020.01.17	2020.11.06	Y
Changhong Meiling	ChanghongRuba	1,831.50	2020.12.16	2021.12.07	N
Changhong Meiling	Ridian Technology	4,000.00	2019.03.31	2020.03.30	Y

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
Changhong Meiling	Ridian Technology	6,500.00	2019.08.22	2020.08.22	Y
Changhong Meiling	Ridian Technology	2,500.00	2020.01.28	2020.07.27	Y
Changhong Meiling	Ridian Technology	3,000.00	2020.03.14	2021.03.13	N
Changhong Meiling	Ridian Technology	4,000.00	2020.03.30	2021.03.31	N
Changhong Meiling	Ridian Technology	6,500.00	2020.08.22	2021.08.22	N
Changhong Meiling	Ridian Technology	5,000.00	2020.07.03	2021.07.02	N
Changhong Meiling	Zhongke Meiling	3,000.00	2019.07.18	2020.07.17	Y
Changhong Meiling	Zhongke Meiling	2,000.00	2020.12.25	2021.09.26	N
Changhong Meiling	Zhongke Meiling	2,000.00	2019.12.30	2020.11.22	N
Changhong Meiling	Zhongke Meiling	3,000.00	2019.08.20	2020.08.19	Y
Changhong Meiling	Zhongke Meiling	3,000.00	2020.09.22	2021.09.22	N
Changhong Meiling	Zhongke Meiling	2,000.00	2019.08.23	2020.08.23	Y
Changhong Meiling	Zhongke Meiling	2,000.00	2020.08.24	2021.08.24	N
Changhong Meiling	Zhongke Meiling	920.00	2019.09.24	2020.09.24	Y
Changhong Meiling	Zhongke Meiling	1,000.00	2020.11.19	2021.11.18	N
Changhong Meiling	Zhongke Meiling	1,000.00	2020.03.10	2021.03.10	N
Changhong Meiling	Zhongke Meiling	1,500.00	2020.06.01	2021.03.12	N
Changhong Meiling	Zhongke Meiling	500.00	2020.06.30	2021.03.15	N
Changhong Meiling	Zhongshan Changhong	10,000.00	2019.01.25	2020.01.24	Y
Changhong Meiling	Zhongshan Changhong	5,500.00	2019.03.15	2020.03.15	Y
Changhong Meiling	Zhongshan Changhong	10,000.00	2019.03.31	2020.03.30	Y
Changhong Meiling	Zhongshan Changhong	5,000.00	2019.06.20	2020.06.20	Y
Changhong Meiling	Zhongshan Changhong	15,000.00	2019.06.28	2020.06.27	Y
Changhong Meiling	Zhongshan Changhong	2,000.00	2019.08.21	2020.08.20	Y

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
Changhong Meiling	Zhongshan Changhong	10,000.00	2019.08.31	2020.08.31	Y
Changhong Meiling	Zhongshan Changhong	20,000.00	2020.06.12	2021.03.10	N
Changhong Meiling	Zhongshan Changhong	5,000.00	2020.03.09	2021.03.09	N
Changhong Meiling	Zhongshan Changhong	15,000.00	2020.01.10	2021.01.10	N
Changhong Meiling	Zhongshan Changhong	5,500.00	2020.03.15	2021.03.15	N
Changhong Meiling	Zhongshan Changhong	17,900.00	2020.04.14	2021.04.13	N
Changhong Meiling	Zhongshan Changhong	20,000.00	2020.03.30	2021.03.30	N
Changhong Meiling	Zhongshan Changhong	12,000.00	2020.04.28	2021.04.28	N
Changhong Meiling	Zhongshan Changhong	10,000.00	2020.08.31	2021.08.31	N
Changhong Meiling	Zhongshan Changhong	15,000.00	2020.07.03	2021.07.02	N
Changhong Meiling	Zhongshan Changhong	10,000.00	2018.08.09	2019.08.09	Y
Changhong Meiling	Zhongshan Changhong	5,000.00	2018.10.23	2019.10.23	Y
<b>Counter guarantee:</b>					
Jiangxi Meiling	Changhong Meiling	5,000.00	2019.03.12	2020.03.11	Y
Jiangxi Meiling	Changhong Meiling	10,000.00	2019.03.14	2020.03.14	Y
Jiangxi Meiling	Changhong Meiling	10,000.00	2020.04.09	2021.04.09	N
Nonferrous Metals	Changhong Meiling	1,000.00	2020.03.20	2021.03.05	N
Meiling Group	Changhong Meiling	6,000.00	2020.03.26	2021.03.26	N
Meiling Group	Changhong Meiling	10,000.00	2020.12.30	2021.12.29	N
Changhong Air-conditioner	Changhong Meiling	20,000.00	2019.07.30	2020.03.25	Y
ChanghongRuba	Changhong Meiling	2,062.41	2019.01.28	2020.02.15	Y
ChanghongRuba	Changhong Meiling	2,103.51	2019.12.23	2021.01.15	N
ChanghongRuba	Changhong Meiling	1,983.25	2020.01.17	2020.11.06	Y
ChanghongRuba	Changhong Meiling	1,831.50	2020.12.16	2021.12.07	N

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
Ridian Technology	Changhong Meiling	4,000.00	2019.03.31	2020.03.30	Y
Ridian Technology	Changhong Meiling	6,500.00	2019.08.22	2020.08.22	Y
Ridian Technology	Changhong Meiling	2,500.00	2020.01.28	2020.07.27	Y
Ridian Technology	Changhong Meiling	3,000.00	2020.03.14	2021.03.13	N
Ridian Technology	Changhong Meiling	4,000.00	2020.03.30	2021.03.31	N
Ridian Technology	Changhong Meiling	6,500.00	2020.08.22	2021.08.22	N
Ridian Technology	Changhong Meiling	5,000.00	2020.07.03	2021.07.02	N
Zhongke Meiling	Changhong Meiling	3,000.00	2019.07.18	2020.07.17	Y
Zhongke Meiling	Changhong Meiling	2,000.00	2020.12.25	2021.09.26	N
Zhongke Meiling	Changhong Meiling	2,000.00	2019.12.30	2020.11.22	N
Zhongke Meiling	Changhong Meiling	3,000.00	2019.08.20	2020.08.19	Y
Zhongke Meiling	Changhong Meiling	3,000.00	2020.09.22	2021.09.22	N
Zhongke Meiling	Changhong Meiling	2,000.00	2019.08.23	2020.08.23	Y
Zhongke Meiling	Changhong Meiling	2,000.00	2020.08.24	2021.08.24	N
Zhongke Meiling	Changhong Meiling	920.00	2019.09.24	2020.09.24	Y
Zhongke Meiling	Changhong Meiling	1,000.00	2020.11.19	2021.11.18	N
Zhongke Meiling	Changhong Meiling	1,000.00	2020.03.10	2021.03.10	N
Zhongke Meiling	Changhong Meiling	1,500.00	2020.06.01	2021.03.12	N
Zhongke Meiling	Changhong Meiling	500.00	2020.06.30	2021.03.15	N
Zhongshan Changhong	Changhong Meiling	10,000.00	2019.01.25	2020.01.24	Y
Zhongshan Changhong	Changhong Meiling	5,500.00	2019.03.15	2020.03.15	Y
Zhongshan Changhong	Changhong Meiling	10,000.00	2019.03.31	2020.03.30	Y
Zhongshan Changhong	Changhong Meiling	5,000.00	2019.06.20	2020.06.20	Y
Zhongshan Changhong	Changhong Meiling	15,000.00	2019.06.28	2020.06.27	Y

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
Zhongshan Changhong	Changhong Meiling	2,000.00	2019.08.21	2020.08.20	Y
Zhongshan Changhong	Changhong Meiling	10,000.00	2019.08.31	2020.08.31	Y
Zhongshan Changhong	Changhong Meiling	20,000.00	2020.06.12	2021.03.10	N
Zhongshan Changhong	Changhong Meiling	5,000.00	2020.03.09	2021.03.09	N
Zhongshan Changhong	Changhong Meiling	15,000.00	2020.01.10	2021.01.10	N
Zhongshan Changhong	Changhong Meiling	5,500.00	2020.03.15	2021.03.15	N
Zhongshan Changhong	Changhong Meiling	17,900.00	2020.04.14	2021.04.13	N
Zhongshan Changhong	Changhong Meiling	20,000.00	2020.03.30	2021.03.30	N
Zhongshan Changhong	Changhong Meiling	12,000.00	2020.04.28	2021.04.28	N
Zhongshan Changhong	Changhong Meiling	10,000.00	2020.08.31	2021.08.31	N
Zhongshan Changhong	Changhong Meiling	15,000.00	2020.07.03	2021.07.02	N
Zhongshan Changhong	Changhong Meiling	10,000.00	2018.08.09	2019.08.09	Y
Zhongshan Changhong	Changhong Meiling	5,000.00	2018.10.23	2019.10.23	Y

### (8) Assets transfer, debt restructuring of related parties

Related party	Type	Current Year	Last Year
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchase and construction of fixed assets	4,920,208.93	36,796,919.82
Sichuan Huanyu Industrial Co., Ltd.	Purchase and construction of fixed assets	2,164,755.99	19,897,298.71
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Purchasing fixed assets	1,654,600.00	
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing fixed assets	820,469.07	104,693.81
Sichuan Hongxin Software Co., Ltd.	Purchase and construction of fixed assets	613,207.54	2,826,830.79
Sichuan Changhong Jineng Sunshine Technology Co., Ltd.	Purchasing fixed assets	42,348.02	-23,340.00
Sichuan Changhong Electric Co., Ltd.	Sales of fixed assets	39,611.48	1,028,804.28
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Purchasing fixed assets	5,238.94	
Sichuan Changxin Refrigeration Parts Co., Ltd.	Purchasing fixed assets	1,894.30	

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Related party	Type	Current Year	Last Year
Guangdong Changhong Electronics Co., Ltd.	Purchase and construction of fixed assets		12,743.36
Mianyang Science & Technology City Big Data Technology Co., Ltd.	Purchase and construction of fixed assets		1,112,815.42
Sichuan Hongcheng Real Estate Co., Ltd.	Purchase and construction of fixed assets		56,603.77
Sichuan Jiahong Industrial Co., Ltd.	Purchase and construction of fixed assets		1,347,541.41
Sichuan Changhong Electric Co., Ltd.	Purchase and construction of fixed assets		48,956,440.92
Sichuan Changhong Electronic System Co., Ltd.	Purchase and construction of fixed assets		126,106.19
Sichuan Hongwei Technology Co., Ltd.	Purchasing fixed assets		924.40
Sichuan Changhong Network Technology Co., Ltd.	Purchase and construction of fixed assets		1,098,430.46
Sichuan Hongxin Software Co., Ltd.	Purchase intangible assets		452,830.18
Sichuan Changhong Electric Co., Ltd.	Purchase intangible assets		112,876,479.31
Changhong Shundatong Tech. Development Co., Ltd.	Sales of fixed assets		128,199.13
Sichuan Changhong Electronics Holding Group Co., Ltd.	Sales of fixed assets		17,383.08
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Sales of fixed assets		4,570.77
Sichuan Changhong Jijia Fine Co., Ltd.	Sales of fixed assets		9,980.82
Sichuan Jiahong Industrial Co., Ltd.	Sales of fixed assets		4,813.70
<b>Total</b>		<b>10,262,334.27</b>	<b>226,837,070.33</b>

### (9) Other

Name of company	Content	Current Year (in 10 thousand Yuan)	Last Year (in 10 thousand Yuan)
Yuanxin Financial Lease Co., Ltd.	Financing business, financing expenses and financial leasing	6,466.21	391.67

### (10) Related transaction with Changhong Finance Company

#### (1) Saving balance

Name of company	Balance at period-end	Balance at period-begin	Interest income from bank saving in the period
Changhong Meiling Co., Ltd.	1,860,047,247.52	3,081,631,716.95	86,876,555.02
Zhongshan Changhong Electric Co., Ltd.	404,582,475.31	13,782,922.16	4,098,517.68
Changhong Meiling Ridian Technology Co., Ltd.	162,196,324.57	76,106,470.22	1,342,686.16
Zhongke Meiling Cryogenic Technology	141,336,330.05	90,904,816.77	4,000,808.68

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Name of company	Balance at period-end	Balance at period-begin	Interest income from bank saving in the period
Co., Ltd.			
Sichuan Changhong Air Conditioning Co., Ltd.	134,802,966.64	424,969,027.90	12,638,030.50
Hongyuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd	69,211,263.89	13,076,054.46	840,091.44
Hebei Hongmao Household Appliance Technology Co., Ltd	15,657,360.37	1,799,703.59	40,008.08
Anhui Tuoxing Technology Co., Ltd.	10,243,055.56		243,055.56
Hongyuan Ground Energy Heat Pump Tech. Co., Ltd	114,826.06	100,690.19	2,763.86
Mianyang Meiling Refrigeration Co., Ltd.	50,871.36	925.37	44,945.99
Jiangxi Meiling Electric Appliance Co., Ltd.	9,544.98	9,504.34	40.64
Hefei Meiling Group Holdings Limited	3,742.21	798.43	3,743.06
<b>Total</b>	<b>2,798,256,008.52</b>	<b>3,702,382,630.38</b>	<b>110,131,246.67</b>

### (2) Notes discounted

Name of company	Commercial bill book discounted amount	Commercial bill discounted amount	Expenses of discounted
Changhong Meiling Co., Ltd.	1,445,288,263.13	1,437,711,268.85	7,576,994.28
Sichuan Changhong Air Conditioning Co., Ltd.	843,353,638.28	836,535,171.79	6,818,466.49
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	7,422,611.40	7,340,947.30	81,664.10
<b>Total</b>	<b>2,296,064,512.81</b>	<b>2,281,587,387.94</b>	<b>14,477,124.87</b>

### (3) Notes issued

Name of company	Issuing unit	Note amount	Type
Changhong Meiling Co., Ltd.	Sichuan Changhong Finance Co., Ltd. Group	980,483,214.50	Bank acceptance
Hebei Hongmao Household Appliance Technology Co., Ltd	Sichuan Changhong Finance Co., Ltd. Group	29,776,934.53	Bank acceptance
Sichuan Changhong Air Conditioning Co., Ltd.	Sichuan Changhong Finance Co., Ltd. Group	1,339,688,343.39	Bank acceptance
Zhongke Meiling Cryogenic Technology Co., Ltd.	Sichuan Changhong Finance Co., Ltd. Group	31,955,247.03	Bank acceptance
Changhong Meiling Ridian Technology Co., Ltd.	Sichuan Changhong Finance Co., Ltd. Group	84,911,175.18	Bank acceptance

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Name of company	Issuing unit	Note amount	Type
Zhongshan Changhong Electric Co., Ltd.	Sichuan Changhong Finance Co., Ltd. Group	154,394,439.11	Bank acceptance
Hongyuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd	Sichuan Changhong Finance Co., Ltd. Group	68,589,337.19	
<b>Total</b>		<b>2,689,798,690.93</b>	

(4) Borrowing: nil

(5) Accounts receivable factoring: nil

(11) Remuneration for key management

Item Name	Current Year (in 10 thousand Yuan)	Last Year (in 10 thousand Yuan)
Total remuneration	346.88	333.24
Including: performance incentive fund		

(iii) Come and go balance with related parties

1.Receivable items

Item Name	Related party	Balance at year-end		Balance at year-begin	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Zhiyijia Network Technology Co., Ltd.	152,851,050.10	5,950.95	375,948,123.63	
Account receivable	CHANGHONG ELECTRIC (AUSTRALIA) PTY.LTD.	82,523,745.73		37,804,702.10	
Account receivable	CHANGHONG (HK) TRADING LIMITED	74,561,075.45		75,242,050.75	
Account receivable	Changhong Ruba Electric Company (Private) Ltd.	46,262,313.51	3,664,544.64	86,214,001.68	
Account receivable	Changhong International Holdings (Hong Kong) Co., Ltd.	23,280,926.68			
Account receivable	Changhong Europe Electric s.r.o	7,285,475.46		1,664,405.17	
Account receivable	Hongyuan Ground Energy Heat Tech. Co., Ltd.	2,557,611.11	259,719.23	10,720,675.24	
Account receivable	Sichuan Changhong Electric Co., Ltd.	1,648,021.88			
Account receivable	CHANGHONG ELECTRIC MIDDLE EAST FZCO	1,641,684.42		1,552,183.58	
Account receivable	Orion.PDP.Co.,ltd	1,365,471.85		8,267,321.25	
Account receivable	Sichuan Aichuang Science & Technology Co., Ltd.	1,235,293.51		43,297.65	



## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item Name	Related party	Balance at year-end		Balance at year-begin	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Lejiayi Chain Management Co., Ltd.	752,700.75	13,309.44	12,461,940.42	
Account receivable	PT.CHANGHONG ELECTRIC INDONESIA	703,520.00		3,844,393.51	
Account receivable	Sichuan Changhong Network Technology Co., Ltd.	291,996.61			
Account receivable	Sichuan Changhong Electronic Products Co., Ltd.	375,287.92			
Account receivable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	193,981.98		162,163.72	
Account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	179,721.66		211,621.68	
Account receivable	Sichuan Changhong Device Technology Co., Ltd.			327.80	
Account receivable	Sichuan Changhong International Hotel Co., Ltd.	20,166.00			
Account receivable	Sichuan Changhong Minsheng Logistics Co., Ltd.	12,173.16		41,163.13	
Account receivable	Guangdong Changhong Electronics Co., Ltd.	3,507.01		224,817.29	
Account receivable	Sichuan Changhong Real Estate Co., Ltd.			159,690.33	
Account receivable	Hefei Changhong Industrial Co., Ltd.			50,000.00	
Account paid in advance	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	2,191,049.27			
Account paid in advance	Sichuan Changhong Minsheng Logistics Co., Ltd.	366,287.00		15,295.00	
Account paid in advance	Sichuan Zhiyijia Network Technology Co., Ltd.			1,622.40	
Account paid in advance	Sichuan Changhong Mold Plastic Tech. Co., Ltd.			16.80	
Account paid in advance	Sichuan Hongran Green Energy Co., Ltd.			30,988.36	
Other receivable	Sichuan Changhong Electric Co., Ltd.	2,657,173.57			
Other receivable	Sichuan Changhong Real Estate Co., Ltd.	299,373.25		309,410.65	
Other receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	200,000.00		500,000.00	
Other receivable	Hunan Grand-Pro Intelligent Tech. Company	45,200.00			
Other receivable	Sichuan Changhong International Hotel Co., Ltd.	39,550.00		27,589.45	
Other	081 Electronic Group Co., Ltd.			204,567.35	

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item Name	Related party	Balance at year-end		Balance at year-begin	
		Book balance	Bad debt provision	Book balance	Bad debt provision
receivable					
Other receivable	Hefei Changhong Industrial Co., Ltd.			122,396.08	
<b>Total</b>		<b>403,544,357.88</b>	<b>3,943,524.26</b>	<b>615,824,765.02</b>	

### 2. Payable items

Item Name	Related party	Balance at year-end	Balance at year-begin
Account payable	Sichuan Changhong Electric Co., Ltd.	48,150,899.09	153,791,187.83
Account payable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	44,726,533.64	75,808,653.32
Account payable	Sichuan Aichuang Science & Technology Co., Ltd.	36,339,436.08	24,466,981.06
Account payable	Sichuan Changhong Jijia Fine Co., Ltd.	30,784,821.38	12,883,071.50
Account payable	Changhong Huayi Compressor Co., Ltd.	24,556,917.25	59,533,997.08
Account payable	Sichuan Changhong Package Printing Co., Ltd.	10,337,574.43	3,080,005.38
Account payable	Mianyang Highly Electric Co., Ltd.	10,035,029.02	9,379,903.10
Account payable	Changhong Ruba Electric Company (Private) Ltd.	8,938,947.95	20,520,728.81
Account payable	Hefei Changhong Industrial Co., Ltd.	6,434,535.69	1,729.50
Account payable	Sichuan Ailian Science & Technology Co., Ltd.	3,067,909.39	5,500,914.00
Account payable	CHANGHONG (HK) TRADING LIMITED	3,052,516.27	3,052,516.27
Account payable	Sichuan Zhiyijia Network Technology Co., Ltd.	2,979,349.71	
Account payable	Sichuan Changhong Electronic Products Co., Ltd.	2,388,369.91	2,097,100.40
Account payable	Changhong International Holdings (Hong Kong) Co., Ltd.	1,502,240.80	394,743.12
Account payable	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	962,930.89	15,962,820.73
Account payable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	877,946.47	1,443,759.01
Account payable	Sichuan Changhong Minsheng Logistics Co., Ltd.	863,688.97	210,699.13
Account payable	Guangdong Changhong Electronics Co., Ltd.	848,590.31	113,504.45
Account payable	Hunan Grand-Pro Intelligent Tech. Company	433,594.69	9,095,322.04
Account payable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	261,823.77	127,050.71
Account payable	081 Electronic Group Co., Ltd.	136,168.13	86,951.38
Account payable	Sichuan Changhong Jineng Sunshine	52,743.33	20,076.99

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item Name	Related party	Balance at year-end	Balance at year-begin
	Technology Co., Ltd.		
Account payable	Sichuan Changhong International Travel Service Co., Ltd.	50,552.00	167,858.10
Account payable	Sichuan Changhong Electronics Holding Group Co., Ltd.	6,687.52	
Account payable	Sichuan Changhong New Energy Technology Co., Ltd.	5,333.60	2,950.00
Account payable	Sichuan Hongwei Technology Co., Ltd.	3,225.71	
Account payable	Sichuan Changhong Power Source Co., Ltd.	1,870.82	1,870.82
Account payable	Sichuan Hongyu Metal Manufacturing Co., Ltd.		14,662.40
Account payable	Sichuan Hongxin Software Co., Ltd.		340,000.00
Account payable	Sichuan Changhong Electronic System Co., Ltd.		5,432.53
Account payable	Sichuan Jiahong Industrial Co., Ltd.		14,764.05
Account payable	Sichuan Changhong Network Technology Co., Ltd.		7,229.72
Account payable	Lejiayi Chain Management Co., Ltd.		16,856.00
Account payable	Guangyuan Changhong Electronic Technology Co., Ltd.		434,414.70
Account payable	Mianyang Science & Technology City Big Data Technology Co., Ltd.		7,540.79
Account payable	Sichuan Changxin Refrigeration Parts Co., Ltd.		692,843.70
Contract liability	Lejiayi Chain Management Co., Ltd.	1,774,510.16	2,227.97
Contract liability	Sichuan Changhong Electric Co., Ltd.	750,203.12	997,132.81
Contract liability	Hongyuan Ground Energy Heat Tech. Co., Ltd.	108,490.57	
Contract liability	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	12,736.12	15,364.13
Contract liability	Sichuan Changhong Minsheng Logistics Co., Ltd.	9,355.42	
Contract liability	Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	5,090.51	659,496.67
Contract liability	Sichuan Changhong Electronics Holding Group Co., Ltd.	5,080.00	5,080.00
Contract liability	Hefei Changhong Industrial Co., Ltd.	4,022.06	6,681.11
Contract liability	Sichuan Changhong Real Estate Co., Ltd.	2,154.65	
Contract liability	CHANGHONG (HK) TRADING LIMITED	945.91	1,011.34
Contract liability	081 Electronic Group Co., Ltd.	25.55	25.55
Contract liability	CHANGHONG ELECTRIC MIDDLE EAST FZCO		627.86
Contract liability	Changhong Huayi Compressor Co., Ltd.		66,037.73
Contract liability	Sichuan Zhiyijia Network Technology Co., Ltd.		3,816,946.86

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item Name	Related party	Balance at year-end	Balance at year-begin
Other payable	Yuanxin Financial Lease Co., Ltd.	44,276,743.76	1,315,045.86
Other payable	Sichuan Changhong Minsheng Logistics Co., Ltd.	75,964,081.82	520,500.00
Other payable	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	1,722,946.07	1,282,495.95
Other payable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	1,700,295.88	1,700,295.88
Other payable	Changhong Huayi Compressor Co., Ltd.	1,598,900.00	1,598,900.00
Other payable	Sichuan Changhong Jineng Sunshine Technology Co., Ltd.	500,000.00	553,165.00
Other payable	Sichuan Changhong Jijia Fine Co., Ltd.	400,500.00	400,500.00
Other payable	Hunan Grand-Pro Intelligent Tech. Company	250,000.00	250,000.00
Other payable	Sichuan Changhong Electric Co., Ltd.	163,469.22	5,861,224.39
Other payable	Sichuan Changhong Package Printing Co., Ltd.	50,000.00	50,000.00
Other payable	081 Electronic Group Co., Ltd.	47,460.00	
Other payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	46,702.03	46,702.03
Other payable	Sichuan Zhiyijia Network Technology Co., Ltd.	41,940.00	41,940.00
Other payable	CHANGHONG (HK) TRADING LIMITED	32,607.64	82,671.18
Other payable	Sichuan Jiahong Industrial Co., Ltd.	23,100.04	20,002.24
Other payable	Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	10,000.00	10,000.00
Other payable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	0.01	192,717.54
Other payable	Mianyang Science & Technology City Big Data Technology Co., Ltd.		113,450.00
Other payable	Sichuan Hongxin Software Co., Ltd.		61,978.23
	<b>Total</b>	<b>367,301,597.36</b>	<b>418,950,358.95</b>

(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**

## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

---

### **XV. Events occurring after the balance sheet date**

1. Important non-adjustment items: Nil

2. Profit distribution:

For year of 2020, the individual statement of the parent company show net profit of 55,779,302.33 Yuan, according to the auditing from ShinWing CPA (LLP). In accordance with relevant regulations, the retained profit at beginning of Current Year amounted as 945,907,861.41 Yuan, deducted the 2019 profit distributed 52,229,894.05 Yuan and after extract for statutory surplus reserve 5,577,930.23 Yuan, the retained profit in individual statement of the parent company cumulative counted as 943,879,339.46 Yuan at end of 2020. In addition, for year of 2020, the net profit attributable to owners of parent company amounted as -85,565,716.91 Yuan. According to relevant regulations, the consolidated statement covers and retained profit of 884,127,743.42 Yuan at the beginning of the year, after deducted the 2019 profit distribution of 52,229,894.05 Yuan and extract for statutory surplus reserves of 5,577,930.23 Yuan, the cumulative retained profit of the consolidated statement at end of 2020 is 740,754,202.23 Yuan.

According to relevant regulations, the company's profit distribution shall be based on the profit available for distribution of the parent company, and shall comply with the principle of the lower of the profit available for distribution in the consolidated statement and the parent company statement. Therefore, the profit available for distribution in 2020 is the cumulative undistributed profit of 740,754,202.23 yuan in the consolidated statement at the end of 2020.

According to relevant laws and regulations and the "Articles of Association", and comprehensively considering the interests of shareholders and the company's long-term development needs, it is proposed to:

The profit distribution plan for year of 2020 was: take the total shares (on the registration date when implement the equity distribution plan for year of 2020) after deduct the shares that have been bough-back as the base, distributed 0.5 Yuan (tax included) bonus in cash for every 10-share hold by all shareholders, no share bonus issued and no capitalizing of common reserves carried out. Up to now, the actual number of shares available for profit distribution was 1,036,208,993 shares (total shares of the Company 1,044,597,881 deducted the 8,388,888 shares buy-back ), 51,810,449.65 Yuan cash dividend is expected to be paid.

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

In view of the fact that the Company is implementing share repurchases, the company will use the total share capital on the equity registration date when the profit distribution plan is implemented in the future after the deduction of the total share capital after the company repurchases the shares in the special securities account as the base to adjust the total distribution amount based on the principle of unchanged distribution ratio. The specific amount is subject to the actual distribution.

After this distribution, it is estimated that the remaining accumulated undistributed profit of the parent company will be 892,068,889.81 yuan, and the remaining undistributed profit will be carried forward for distribution in subsequent years.

The above plan has been deliberated and approved at the 36th meeting of the ninth board of directors of the company, and it is still to be approved by the shareholders' meeting.

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

Item	Refrigerator, freezer Washing machine	Air-condition er	Small home appliances	Other	Sales in branch	Total
Operation income	908,906.53	507,367.20	126,152.43	31,507.23	35,128.37	1,538,805.02

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Refrigerator, freezer Washing machine	Air-condition er	Small home appliances	Other	Sales in branch	Total
Including: foreign trade income	899,640.15	506,690.97	121,855.45	10,618.45		1,538,805.02
Income from transactions between divisions	9,266.38	676.23	4,296.98	20,888.78	35,128.37	
Operation expenses	916,477.77	531,648.15	123,457.98	27,993.41	35,043.84	1,564,533.47
Operation profit	-7,571.24	-24,280.95	2,694.45	3,513.82	84.53	-25,728.45
Total assets	1,305,142.67	395,252.48	62,340.58	21,806.63	186,925.41	1,597,616.95
Total liability	819,298.58	281,329.21	48,890.31	10,587.77	47,037.38	1,113,068.49
Supplementary information						
Depreciation and amortization expenses	21,221.54	14,111.68	500.98	585.67	-471.84	36,891.71
Capital expenditure	7,299.81	11,374.79	60.44	244.99	11.33	18,968.70
Non-cash expenses except for depreciation and amortization	101,684.52	44,748.70	5,721.50	3,906.41	-1,147.53	157,208.66

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) Presented according to the bad debt accrual method

Category	Amount at year-end				Book value
	Book balance		Bad debt provision		
	Amount	Ratio	Amount	Ratio	
Account receivable that withdrawal bad debt provision by single item	<b>858,063,066.45</b>	<b>83.09%</b>	<b>3,370,366.42</b>	<b>0.39%</b>	<b>854,692,700.03</b>
Including: Related party payments	815,741,150.65	78.99%	2,956,149.11	0.36%	812,785,001.54
Account receivable with letter of credit	38,179,742.75	3.70%			38,179,742.75
Account receivable with single minor amount but withdrawal single item bad debt provision	4,142,173.05	0.40%	414,217.31	10.00%	3,727,955.74
Account receivable withdrawal bad debt provision by portfolio	<b>174,658,647.31</b>	<b>16.91%</b>	<b>10,052,329.94</b>	<b>5.76%</b>	<b>164,606,317.37</b>
Including: account receivable of engineering customers	6,255,423.49	0.61%	1,250,265.60	19.99%	5,005,157.89
Receivables other than engineering	168,403,223.82	16.31%	8,802,064.34	5.23%	159,601,159.48

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Category	Amount at year-end				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
customers					
<b>Total</b>	<b>1,032,721,713.76</b>	<b>100.00%</b>	<b>13,422,696.36</b>	<b>1.30%</b>	<b>1,019,299,017.40</b>

(Continued)

Category	Amount at year-begin				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
Account receivable that withdrawal bad debt provision by single item	<b>1,006,525,937.93</b>	<b>86.22%</b>	<b>3,514,443.05</b>	<b>0.35%</b>	<b>1,003,011,494.88</b>
Including: Related party payments	965,981,524.72	82.75%			965,981,524.72
Account receivable with letter of credit	37,029,970.16	3.17%			37,029,970.16
Account receivable with single minor amount but withdrawal single item bad debt provision	3,514,443.05	0.30%	3,514,443.05	100.00%	
Account receivable withdrawal bad debt provision by portfolio	<b>160,872,283.13</b>	<b>13.78%</b>	<b>5,320,388.68</b>	<b>3.31%</b>	<b>155,551,894.45</b>
Including: account receivable of engineering customers	390,215.80	0.03%			390,215.80
Receivables other than engineering customers	160,482,067.33	13.75%	5,320,388.68	3.32%	155,161,678.65
<b>Total</b>	<b>1,167,398,221.06</b>	<b>100.00%</b>	<b>8,834,831.73</b>	<b>0.76%</b>	<b>1,158,563,389.33</b>

### 1) Provision for bad debts of account receivable on an individual basis

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, 2 clients involved.

### 2) Account receivable withdrawal bad debt provision by portfolio

#### A. Account receivable of engineering customers

Account age	Balance at year-end		
	Book balance	Bad debt	Accrual ratio (%)
Within 3 months (3 months included)			
Over 3 months and within 6 months (6 months included)			
Over 6 months and within one year (One year included)	4,095.49		
Over one year - within 2 years (2 years included)	6,251,328.00	1,250,265.60	20.00%



## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Account age	Balance at year-end		
	Book balance	Bad debt	Accrual ratio (%)
Over 2 years - within 3 years (3 years included)			50.00%
Over 3 years			100.00%
<b>Total</b>	<b>6,255,423.49</b>	<b>1,250,265.60</b>	

### B. Receivables other than engineering customers

Account age	Balance at year-end		
	Book balance	Bad debt	Accrual ratio (%)
Within 3 months (3 months included)	146,638,852.73	1,466,388.53	1.00%
Over 3 months and within 6 months (6 months included)	6,980,337.54	698,033.75	10.00%
Over 6 months and within one year (One year included)	7,880,705.10	1,576,141.02	20.00%
Over one year - within 2 years (2 years included)	1,860,195.93	930,097.97	50.00%
Over 2 years - within 3 years (3 years included)	4,558,647.27	3,646,917.82	80.00%
Over 3 years	484,485.25	484,485.25	100.00%
<b>Total</b>	<b>168,403,223.82</b>	<b>8,802,064.34</b>	

### (2) By account age

Account age	Balance at year-end
Within 3 months (3 months included)	900,770,506.85
Over 3 months and within 6 months (6 months included)	53,304,435.25
Over 6 months and within one year (One year included)	23,067,791.45
Over one year - within 2 years (2 years included)	40,563,920.65
Over 2 years - within 3 years (3 years included)	12,939,952.75
Over 3 years	2,075,106.81
<b>Total</b>	<b>1,032,721,713.76</b>

### (3) Bad debt reserves of the account receivable

Category	Balance at year-begin	Amount change in the year			Balance at year-end
		Accrual	Collected or switch back	Resale or write-off	
Bad debt provision	8,834,831.73	7,826,457.13	3,238,592.50		13,422,696.36

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Category	Balance at year-begin	Amount change in the year			Balance at year-end
		Accrual	Collected or switch back	Resale or write-off	
<b>Total</b>	<b>8,834,831.73</b>	<b>7,826,457.13</b>	<b>3,238,592.50</b>		<b>13,422,696.36</b>

(4) Top 5 balance of account receivable aggregated by the debtor at end of the year amounted to 771,219,705.53 yuan, accounted for 74.68% of the receivables at balance of current year-end, the bad debt provision amounted as 2,956,149.11 yuan.

(5) There are no receivables derecognized due to the transfer of financial assets.

(6) There are no receivables and the amount of assets and liabilities formed by continued involvement

### 2. Other account receivable

Item	Balance at year-end	Balance at year-begin
Interest receivable		7,880,186.85
Dividend receivable		661,434.48
Other account receivable	49,093,918.57	33,423,018.09
<b>Total</b>	<b>49,093,918.57</b>	<b>41,964,639.42</b>

#### 2.1 Interest receivable

##### (1) Category of interest receivable

Item	Balance at year-end	Balance at year-begin
Interest receivable from time deposit		7,880,186.85
<b>Total</b>		<b>7,880,186.85</b>

(2) Major overdue interest: nil

#### 2.2 Dividend receivable

##### (1) Category of dividend receivable

Item	Balance at year-end	Balance at year-begin
Huishang Bank Corporation Limited		661,434.48

(2) Major dividends receivable with account age over 1 year: N/A

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

### 2.3 Other account receivable

#### (1) By nature

Nature	Ending book balance	Opening book balance
Related party in consolidation statement	3,521,237.00	4,126,498.15
Related party not in consolidation statement	200,000.00	500,000.00
Loans of employee's pretty cash	5,697,517.11	6,014,409.39
Cash deposit	6,507,745.28	1,010,000.00
Export rebates	32,281,664.19	21,650,454.61
Other	935,978.02	133,182.08
<b>Total</b>	<b>49,144,141.60</b>	<b>33,434,544.23</b>

#### (2) Provision for bad debt of other receivable

Bad debt reserves	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
Balance as at 1st Jan. 2020		11,526.14		11,526.14
Book balance of Other account receivable in Current Year as at 1 Jan. 2020	—	—	—	—
--Transfer to the second stage				
--Transfer to the third stage				
--Reversal to the second stage				
--Reversal to the first stage				
Provision in Current Year		-11,303.11	50,000.00	38,696.89
Reversal in Current Year				
Conversion in Current Year				
Write off in Current Year				
Other change				
Balance as at 31st December 2020		223.03	50,000.00	50,223.03

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

### (3) By account age

Account age	Balance at year-end
Within 3 months (3 months included)	40,726,622.10
Over 3 months and within 6 months (6 months included)	1,907,662.89
Over 6 months and within one year (One year included)	713,384.67
over one year-within two years (2 years included)	1,260,700.00
Over 2 years - within 3 years (3 years included)	867,391.90
Over 3 years	3,668,380.04
<b>Total</b>	<b>49,144,141.60</b>

### (3) Top 5 balance of other account receivable aggregated by the debtor at end of the year

Name of the unit	Nature	Balance at year-end	Account age	Proportion of the total year-end balance of other receivable	Year-end balance of bad debt reserve
State Taxation Bureau of Hefei Economic and Technological Development Zone	Export rebates	32,281,664.19	Within 3 months	65.69%	
Hefei Meiling Electrical Marketing Co., Ltd	Related party payments	3,338,380.04	3 years and above	6.79%	
Ding Lingli	Employee petty cash	1,304,980.00	Within 3 months	2.66%	
Li Di	Employee petty cash	517,862.93	2-3 years	1.05%	
Liu Guilong	Employee petty cash	510,000.00	6-12 months	1.04%	
<b>Total</b>	—	<b>37,952,887.16</b>	—	<b>77.23%</b>	

(4) There are no receivables involving government subsidies

(5) There are no other receivables derecognized due to the transfer of financial assets.

(6) There are no other receivables and the amount of assets and liabilities formed by continued involvement

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

### 3. Long-term equity investments

#### (1) Classification of long-term equity investments

Item	Balance at year-end			Balance at year-begin		
	Book balance	Impairment loss	Book value	Book balance	Impairment loss	Book value
<b>Investment in subsidiaries:</b>						
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 Electrical Marketing Co., Ltd.	54,900,000.00		54,900,000.00	54,900,000.00		54,900,000.00
Zhongshan Changhong Electric Co., Ltd.	304,856,419.37		304,856,419.37	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
Changhong Meiling Ridian Technology Co., Ltd.	91,082,111.12		91,082,111.12	90,802,061.95		90,802,061.95
Meiling CANDY Washing Machine Co., Ltd.	60,000,000.00	27,675,208.01	32,324,791.99	60,000,000.00	25,082,892.26	34,917,107.74
Hefei Meiling Wulian Technology Co., Ltd.	6,000,000.00		6,000,000.00	6,000,000.00		6,000,000.00
CH-Meiling International (Philippines) Inc.	6,889,100.00		6,889,100.00			
Changmei Technology Co., Ltd.				48,128,000.00	48,128,000.00	
<b>Investment in associates:</b>						
Hefei Xingmei Assets Management	6,826,274.99		6,826,274.99	8,554,613.73		8,554,613.73

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Item	Balance at year-end			Balance at year-begin		
	Book balance	Impairment loss	Book value	Book balance	Impairment loss	Book value
Co., Ltd.						
Sichuan Zhiyijia Network Technology Co., Ltd.	45,354,700.69		45,354,700.69	47,831,474.41		47,831,474.41
<b>Total</b>	<b>1,861,791,043.96</b>	<b>27,675,208.01</b>	<b>1,834,115,835.95</b>	<b>1,771,955,007.25</b>	<b>73,210,892.26</b>	<b>1,698,744,114.99</b>

### (2) Investment in subsidiaries

Invested enterprise	Balance at year-begin	Increased in Current Year	Decreased in Current Year	Balance at year-end	Provision for impairment losses in the Year	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 Electrical Marketing Co., Ltd.	54,900,000.00			54,900,000.00		
Zhongshan Changhong Electric Co., Ltd.	169,856,419.37	135,000,000.00		304,856,419.37		
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		
Changhong Meiling Ridian Technology Co., Ltd.	90,802,061.95	280,049.17		91,082,111.12		
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	2,592,315.75	27,675,208.01
Hefei Meiling Wulian Technology Co., Ltd.	6,000,000.00			6,000,000.00		
CH-Meiling International (Philippines) Inc.		6,889,100.00		6,889,100.00		

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

Invested enterprise	Balance at year-begin	Increased in Current Year	Decreased in Current Year	Balance at year-end	Provision for impairment losses in the Year	Ending balance of impairment
<b>Total</b>	<b>1,715,568,919.11</b>	<b>142,169,149.17</b>	<b>48,128,000.00</b>	<b>1,809,610,068.28</b>	<b>2,592,315.75</b>	<b>27,675,208.01</b>

### (3) Investment in associates

Invested enterprise	Balance at year-begin	Changes in Current Year								Balance at year-end	Ending balance of impairment
		Additional Investment	Negative Investment	Investment income recognized under equity	Adjustment for other comprehensive income	Other equity change	Cash dividend or profit announced to issued	Provision for impairment loss	Other		
Hefei Xingmei Assets Management Co, Ltd	8,554,613.73			-1,728,338.74						6,826,274.99	
Sichuan Zhiyijia Network Technology Co, Ltd	47,831,474.41			4,173,014.25			6,649,787.97			45,354,700.69	
<b>Total</b>	<b>56,386,088.14</b>			<b>2,444,675.51</b>			<b>6,649,787.97</b>			<b>52,180,975.68</b>	

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

### 4. Operation income, operation cost

#### (1) Operation income and operation cost

Item	Current Year		Last Year	
	Income	Cost	Income	Cost
Main business	5,993,841,897.34	5,587,709,737.76	7,369,698,197.38	6,536,718,301.95
Other business	2,039,108,063.73	1,988,342,535.09	1,926,750,045.91	1,900,843,201.15
<b>Total</b>	<b>8,032,949,961.07</b>	<b>7,576,052,272.85</b>	<b>9,296,448,243.29</b>	<b>8,437,561,503.10</b>

#### (1) Main business - Classified according to product

Product	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator, freezer	5,484,841,178.48	5,093,379,851.08	6,827,193,557.28	6,050,370,840.17
Washing machine	328,707,340.67	331,857,408.29	123,468,405.74	116,909,031.46
Small household appliances and kitchen and bathroom	178,264,898.56	160,500,034.70	417,258,605.04	368,071,858.55
Other	2,028,479.63	1,972,443.69	1,777,629.32	1,366,571.77
<b>Total</b>	<b>5,993,841,897.34</b>	<b>5,587,709,737.76</b>	<b>7,369,698,197.38</b>	<b>6,536,718,301.95</b>

#### (2) Main business - Classified according to region

Region	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	3,092,637,436.35	3,165,520,459.49	5,194,282,583.68	4,678,505,490.95
Overseas	2,901,204,460.99	2,422,189,278.27	2,175,415,613.70	1,858,212,811.00
<b>Total</b>	<b>5,993,841,897.34</b>	<b>5,587,709,737.76</b>	<b>7,369,698,197.38</b>	<b>6,536,718,301.95</b>

Top five clients in sales revenue amounted as RMB 3,617,118,513.26, a 45.03% in total operation income.

### 5. Investment income

Item	Current Year	Last Year
Long-term equity investment income by equity method	2,444,675.51	74,962.32
Investment income obtained from disposal of tradable financial assets	47,311,415.04	-25,456,976.70
Income from financial products	7,845,151.69	53,507,866.92
Long-term equity investment income by cost method	69,912,000.00	4,590,000.00
Investment income of other non-current financial assets during holding period	27,218,378.81	661,434.48



## **Annotations to Financial Statements of Changhong Meiling Co., Ltd.**

From 1 January 2020 to 31 December 2020

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

<b>Item</b>	<b>Current Year</b>	<b>Last Year</b>
<b>Total</b>	<b>154,731,621.05</b>	<b>33,377,287.02</b>

6. Other

### **XVIII. Approval of financial statement**

The financial statement has already been approved from the board of directors of the Company for reporting dated 31 March 2021.

## Annotations to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2020 to 31 December 2020

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

### Supplementary information for financial statement

#### 1. Non-recurring gains and losses for this year

Item	Current Year	Note
Gains and losses from disposal of non-current assets	-2,111,295.55	
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)	99,043,859.77	
Losses/gains from changes of fair values occurred in holding trading financial assets and trading financial liabilities, and investment income obtaining from the disposal of trading financial assets, trading financial liability and financial assets available-for-sale, excluded effective hedging business relevant with normal operations of the Company	123,242,542.42	
Reversal of the account receivable depreciation reserves subject to separate impairment test	5,061,635.85	
Other non-operating income and expenses other than the above	2,434,283.11	
Subtotal	227,671,025.60	
Less: impact on income tax	34,083,593.36	
Impact on minority shareholders' equity (post-tax)	1,337,093.24	
Total	<b>192,250,339.00</b>	—

#### 2. Return on equity and earnings per share

Profit during the report period	Weighted average return on equity	Earnings per share/EPS (RMB/Share)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the parent company	-1.73%	-0.0819	-0.0819
Net profit attributable to ordinary shareholders of the parent company after deduction of the non-recurring gains/losses	-5.63%	-0.2660	-0.2660

### Section XIII. Documents available for Reference

- I. Financial statement carrying the signatures and seals of the Chairman, principal of the accounting works and person in charge of accounting organ;
- II. Original auditing report carrying the seal of CPA and autography and seal of the accountants;
- III. Original documents of the Company and manuscripts of public notices that disclosed in the website designated by CSRC in the report period;

The aforesaid documents are all available at headquarter of the Company. The Company would provide them timely when CSRC and Shenzhen Stock Exchange require or the shareholders need consultation according to the regulations and Articles of Association.

Chairman: Wu Dinggang

Changhong Meiling Co., Ltd.

31 March 2021