

长虹美菱股份有限公司

CHANGHONG MEILING CO., LTD.

MELING 美菱

二〇二二年年度报告

Annual Report 2022

I. Important Notice, Table of Contents and Definitions

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 2022 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 by a combination of on-site and communication.

Modified audit opinions notes

Applicable Not applicable

Shine Wing Certified Public Accountants (LLP) issued standard unqualified Auditors' Report for the Company's Financial Report of 2022.

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 "XI. Prospects for the future development of the company" of "Section III. Management Analysis and Discussion", investors are advised to read the relevant content.

Securities Times, *China Securities Journal* and Juchao Website (Juchao Website (www.cninfo.com.cn)) are the

media for information disclosure for year of 2023 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

Whether to increase the share capital with public reserve

Yes No

The profit distribution plan for year of 2022, that deliberated and approved by 31st session of the 10th BOD was: take total shares of 1,029,923,715 shares as base dated 31 December 2022, distributed 0.9 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.

Directors, supervisors and senior executives of the Company respectively signed a Written Confirmation Opinions for 2022 Annual Report.

Supervisory Committee of the Company formed Written Examination Opinions for 2022 Annual Report.

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 audit report carrying the seal of the CPA and signature & 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;

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Definition

Terms to be defined	Refers to	Definition
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.
Changhong Air-conditioner	Refers to	Sichuan Changhong Air-conditioner Co., Ltd.
Zhongke Meiling	Refers to	Zhongke Meiling Cryogenic Technology Co., Ltd.
Mianyang Meiling	Refers to	Mianyang Meiling Refrigeration Co., Ltd.
Jiangxi Meiling	Refers to	Jiangxi Meiling Electric Appliance Co., Ltd.
Ridian Technology	Refers to	Changhong Meiling Ridian Technology Co., Ltd.
Wulian Technology	Refers to	Hefei Meiling Wulian Technology Co., Ltd.
Zhongshan Changhong	Refers to	Zhongshan Changhong Electric Co., Ltd.
Meiling Life Appliances	Refers to	Hefei Changhong Meiling Life Appliances Co., Ltd.
Changhong Huayi	Refers to	Changhong Huayi Compressor Co., Ltd.
Zhiyijia Company	Refers to	Sichuan Zhiyijia Network Technology Co., Ltd.
Shine Wing	Refers to	Shine Wing Certified Public Accountants (LLP)
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

II. Company Profile & Financial Highlights.

I. Company Profile

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		
Historical changes on the registration address	The Company was registered in the Hefei Administration for Industry and Commerce on November 25, 1992 with the address registered as Linquan Road, Hefei City (Meiling Economic Development Zone); on March 13, 1997, registered address changed to No.48 Wuhu Road, Hefei instead of Linquan Road, Hefei City (Meiling Economic Development Zone); on May 19, 2008, the address changed to No. 2163, Lianhua Road, Economic and Technology Development Zone, Hefei from No.48 Wuhu Road, Hefei. Registered address of the Company has not changed during the reporting period.		
Offices add.	No. 2163, Lianhua Road, Economic and Technology Development Zone, Hefei		
Codes for office add.	230601		
Website	http://www.meiling.com		
E-mail	info@meiling.com		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Li Xia	Pan Haiyun
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	haiyun.pan@meiling.com

III. Information disclosure and preparation place

Website of the Stock Exchange where the annual report of the Company disclosed	Shenzhen Stock Exchange www.szse.cn
Media and Website where the annual report of the Company disclosed	Securities Times, China Securities Journal and Juchao website: http://www.cninfo.com.cn
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, 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. 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 2022, Sichuan Changhong and its concerted action Hong Kong Changhong totally holds 281,832,434 shares of the Company, a 27.36% in total share capital of the Company; Sichuan Changhong directly holds 248,457,724 A-share of the Company, a 24.12% 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 3.24% in total share capital of the Company.</p>
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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	Wang Xiaodong , Tu Xiaofeng

(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

	2022	2021	Changes in the current year over the previous year (+,-)	2020
Operating income (RMB)	20,215,220,192.20	18,032,957,501.44	12.10%	15,388,050,229.67
Net profit attributable to shareholders of the listed company (RMB)	244,538,734.49	51,898,388.84	371.19%	-85,565,716.91
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	102,739,493.47	-140,217,633.26	173.27%	-277,816,055.91
Net cash flow arising from operating activities (RMB)	1,465,155,748.06	160,923,258.10	810.47%	1,403,516,222.46
Basic earnings per share (RMB/Share)	0.2366	0.0497	376.06%	-0.0819
Diluted earnings per share (RMB/Share)	0.2366	0.0497	376.06%	-0.0819
Weighted average ROE	4.96%	1.07%	3.89 percentage points up	-1.73%
	Year-end of 2022	Year-end of 2021	Changes at end of the current year compared with the end of previous year (+,-)	Year-end of 2020
Total assets (RMB)	16,200,361,212.80	15,190,469,756.33	6.65%	16,103,355,454.46
Net assets attributable to shareholder of listed company (RMB)	5,168,286,872.09	4,837,334,400.21	6.84%	4,854,173,682.43

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

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	244,538,734.49	51,898,388.84	5,168,286,872.09	4,837,334,400.21
Items and amount adjusted by foreign accounting rules				
Foreign accounting rules	244,538,734.49	51,898,388.84	5,168,286,872.09	4,837,334,400.21

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

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	4,012,925,239.44	6,211,578,311.75	5,150,870,767.54	4,839,845,873.47
Net profit attributable to the shareholders of the listed company	5,147,648.23	55,227,551.02	101,823,245.05	82,340,290.19
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	-22,549,982.34	26,657,451.25	74,277,789.36	24,354,235.20
Net Cash flow generated by business operation	-1,064,503,447.07	1,639,556,664.42	1,264,173,169.49	-374,070,638.78

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	2022	2021	2020	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	27,602,023.18	-133,214.72	-2,111,295.55	Found more in "Income from assets disposal"
Governmental subsidy calculated into current gains and losses(while closely related with the normal business of the Company, the government subsidy that accord with the provision of national policies and are continuously enjoyed in line with a certain standard quota or quantity are excluded)	86,846,880.06	103,024,250.74	99,043,859.77	Found more in "Other income"
Gains/losses of fair value changes arising from holding of the trading financial asset, trading financial liability and investment earnings obtained from disposing the trading financial asset, trading financial liability, and financial assets available for sale, except for the effective hedging business related to normal operation of the Company	36,077,236.23	105,811,461.63	123,242,542.42	Found more in "Income of fair value changes", "Investment income"
Switch back of the impairment for receivables that has impairment test independently	2,834,795.58	3,245,314.13	5,061,635.85	Found more in "Account receivable"
Other non-operating income and expenses other than the above	761,578.29	4,867,985.38	2,434,283.11	Found more in "Non-operation income"
Less: impact on income tax	3,581,742.85	21,813,023.99	34,083,593.36	
Impact on minority shareholders' equity (post-tax)	8,741,529.47	2,886,751.07	1,337,093.24	
Total	141,799,241.02	192,116,022.10	192,250,339.00	

Details of other gains/losses items that meets the definition of non-recurring gains/losses:

Applicable Not applicable

There are no other gains/losses items that meet the definition of non-recurring gains/losses in the Company.

Explain 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

Applicable Not applicable

There are 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

III. Management Discussion & Analysis

I. Industry of the Company during the reporting period

1. Refrigerator industry

The refrigerator industry is a highly mature industry, and the market development has entered the slow development stage. From the overall data, the scale of China's refrigerator industry has faced high growth pressure in 2022, but compared with the entire home appliance industry, the refrigerator industry showed a relative resilience. Although the price of raw materials fell after the rise, the pressure on the cost side of enterprises has eased in some extent, the international environment was complex and severe, and the contraction of external demand was further manifested, superimposed by exchange rate changes and high inflation economic environment, the industry demand has been constantly changing, thus the refrigerator export business went to an obvious falling-back trend. Meanwhile, under the weakening of the vitality of the domestic market, the gradual recovery of overseas production capacity and the high base effect of the previous year, the overall production and sales of refrigerators in the industry have declined significantly compared with the previous year, and the industry has been facing the challenge of homogenization in terms of product structure and product technology, and there's an urgent need to innovate in product form and technology on the supply side. According to industry online data, China's Refrigerator sales in 2022 was 75.58 million units, down 12.6% YOY, of which the domestic sales were 41.23 million units, down 3.3% YOY and the exports were 34.35 million units, down 21.6% YOY.

2. Air-conditioning industry

The air conditioning products are the home appliance category most affected by macroeconomic and weather factors. In recent years, due to the continuous downturn in the real estate market, the sales volume of the air conditioning industry has declined for three consecutive years, and the situation where enterprises have risen and risen with the outbreak of the industry no longer exists. According to the total data of All View Cloud, in 2022, the omni-channel sales volume of China's air conditioning market was 57.14 million units, down 3.3% YOY, and the sales was 196.9 billion yuan, an increase of 0.3% YOY. Although the occurrence of rare high temperature weather in many places of the country has stimulated consumer demand, plus the industry continued to promote the product structure improvement and given there's a firm price increase policy, it's still difficult to reverse the overall decline in sales in the industry.

Under the influence of global inflation, regional politics, and trade frictions, the export market of the air conditioning industry is under greater pressure. At the same time, the domestic market is also facing adverse factors such as the continued downturn in the economy and the contraction of the real estate market. However, the overall pressure bearing capacity of the industry exceeded expectations, and the domestic market declined slightly throughout the year. After the initial end of the market shock, consumer demand will be somewhat restored, but the number of air-conditioned households has reached a high level, and industry demand has entered a new cycle of

stock replacement. In the coming years, the overall sales volume and average sales price will tend to be relatively stable.

3. Washing machine industry

In 2022, under the influence of many factors brought about by high penetration rate on consumer confidence, travel, and house decoration, the development of the washing machine market was less than expected, and the scale growth encountered a freezing point. According to the industry online data, the total sales volume of China's washing machine industry in 2022 was 68.83 million units, down 7.9% YOY, of which the domestic sales were 40.77 million units, down 8.4% YOY, and the exports were 28.06 million units, down 7.1% YOY. Meanwhile, affected by the decline in market scale, the industry competition was further intensified, the average price of products was collectively declined, and the price of online drum washing machine fell into the negative growth. Under the change of supply and demand, the structural upgrading has slowed down, and the competition in the washing machine industry has entered the deep-water area.

II. Main businesses of the company engaged in during the Period

The Company is one of China's major electric appliance manufacturers, possesses four major domestic manufacturing bases in Hefei, Mianyang, Jingdezhen and Zhongshan, and 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 40 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 established the first RoHS public testing center, the national enterprise technology center, national industrial design center, and the 5G industrial Internet innovation application laboratory in Anhui Province. In recent years, the Company has won many national honorary titles such as "Smart Refrigerator Intelligent Manufacturing Pilot Demonstration Project", "National Green Factory", "National Industrial Design Center" and "National Appliance Industry Quality Leading Enterprise". Meanwhile, a number of Meiling products have frequently won many domestic awards, constantly demonstrating the ability and strength of Meiling Intelligent Manufacturing and Meiling Intelligent Innovation Technology. At the 2022 China Refrigerator Industry Summit Forum, Meiling greatly won the 2022 China Refrigerator Industry Odor Purification and Sterilization Pioneer Brand Award, and its product Meiling Ten-minutes purification series BCD-550WP9BT won the "2022 China Refrigerator Industry Full Space Sterilization Best-selling Product" award, and Meiling spectrum fresh refrigerator BCD-413WP9BY won the "2022 Outstanding Channel Performance Product" award; Changhong big 3P Living-room and Dining-room Shared Air Conditioner KFR-72LW/Q6C+R1 won the "Mechanical Air Conditioner of the World's Farthest Air-supply Distance

of Big 3P Living-room and Dining-room Shared"; the drying channel washing technology of Meiling washing machine won the "Annual Technological Innovation Achievement"; Meiling kitchen appliances, small household appliances and water dispenser products won the "National Household Appliances Industry Quality Leading Brand". In addition, Zhongke Meiling, a subsidiary of Meiling Biomedical Business, was recognized by the Ministry of Industry and Information Technology of the People's Republic of China as the third batch of specialized and special new "little giant" enterprises and was successfully listed on the Beijing Stock Exchange in October 2022.

In recent years, driven by the industry transformation and upgrades and consumption upgrades, the Company always adheres 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, "M-Fresh" comprehensive thin series products and "very clean" series of refrigerators, Meiling always leads the trend of the industry by solving the pain points of users effectively. During the reporting period, main income of the Company coming from refrigerator (freezer), air conditioner, washing machine, small home appliances, kitchen & toilet products and biomedical etc., total amounting to 200.38 billion yuan, a 99.12% of the operating income.

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, The "Meiling" brand is listed as one of the most valuable brands in China, which owns the youthful brand "Athena" and it gradually builds the brand influence of "M Fresh" products. In recent years, the Company has continuously reshaped its brand image and enhanced its core competitiveness through differentiated innovation measures such as technological innovation, product innovation and service innovation. Through continuous crossover cooperation, it ranks the first group in the industry in the We-media platform concerned by young people, and the process of brand rejuvenation has been accelerating. In 2022, the brand promotion activities planned by the Company such as "Installed All Over China" and "Resume Refrigerator" won two awards: "2022 Innovative Scene Marketing Gold Case" and "2022 Event Marketing Gold Case" respectively. In addition, the Company also relied on diversified brand strategy, and through multi-pronged initiatives, it comprehensively integrated and accelerated to achieve interaction and resonance with users, effectively enhanced the brand's popularity and reputation. With the CCTV "News Network", "People's Daily" and other mainstream media have reported in abundance, it also promoted the Company's brand image to be continuously enhanced.

The Company will continue to practice the brand proposition of "Meiling, let the beauty come", focus on "one goal", closely follow the "three main lines", implement the "four management systems", unswervingly deepen the marketing transformation to develop the work for business idea, seize the new channel marketing outlet by crossover influence, take "Meiling fresh", "Meiling thin", "Meiling purification", "Meiling embedded" and "Super Capacity"

as the communication breakthrough, and take the co-creation of all employees as the cornerstone, it will carry out all-round brand construction from the aspects of brand, product and culture, thus to strengthen consumers' sense of identity and belonging to the brand, shape the differentiated competitiveness of the brand, and realize brand revitalization.

(2) Product capacity

In terms of refrigerator products, the Company has independently developed core technologies such as "zero impact" and "micro-freezing" fresh-keeping technology, water molecule-activated fresh-keeping technology, comprehensive thin GLS integration technology, MCN+ clean taste preservation technology, etc., leading the refrigerator industry to return to the arena of freshness preservation and fully enter the era of "thinning" and "long-term purification". Meanwhile, the Company has successively released the "M Fresh" first-generation series fresh-keeping refrigerators equipped with water molecule activation preservation technology, the "M Fresh" second-generation fresh-keeping refrigerators equipped with "zero impact" and "micro-freezing" fresh-keeping technology, the ultra-thin folio 529W series refrigerators, the "Ten-minutes purification" second-generation series refrigerators with upgraded purification technology, the 600L cross large narrow door series refrigerator, the French two-door 400L large narrow door series refrigerator, and the M Fresh "Super capacity" BCD-681WQ3S refrigerator equipped with large-capacity and ADF+ negative ion antibacterial magic stone series (O2O) glass door refrigerator, and the industry's thinnest 500L and 600L volume level of the cross worry-free series refrigerator 501WPU9CX/601WPU9CT, etc., thus created the brand business cards of "Meiling Fresh", "Meiling Thin" and "Meiling imbedded" and established the brand image.

In term of the washing machine products, through the three black-technology development of the barrel cone expansion circle technology, oblique angle stabilization technology, cloud disk condensation technology, the Company has shaped the washing machine with "thin" "big", "smart" industry card, and in the "very thin" drum platform, the Company have continually released the super oxygen purification and 5G series products. The afore-said washing machine products not only continues the core function of the ultra-thin, large cylinder diameter, more intelligent, more healthy, but also its automatic delivery and voice technology have become more convenient, and the first "drying tunnel wash" function provides the clean, healthy and purification effects, once more revealing the washing machine products with core strength in the core technology with ultra-high standard.

In terms of air conditioning products, the Company adheres to the product concept of "good sleep + good air + good comfort", focuses on product upgrading around quality, experience and health, strictly controls quality from comfort and reliability indicators, creates a brand experience of "extremely quiet, extremely economical, and extremely intelligent" of air conditioning, and carries out product series layout around the three core functions of "fresh air ventilation, self-cleaning, and total dust-free". The Company continues to expand the breadth and depth of air conditioning products, and drives the interconnection between various products under the guidance of the Company's overall intelligent strategy. The Company has launched Changhong "Lookup" series Q6E hang-up and Q6E cabinet unit, launched the Q7A hang-up of the all-dust-free fresh air conditioner centering on the "dust-free fresh air", which is the industry's first all-dust-free fresh air conditioner, thus established the industry benchmark of "the all dust-free fresh air is the best fresh air", and launched the Q7V hang-up of zoned temperature control air

conditioner centering on "free wind" to solve the pain points of different temperature needs of users in the same scene. In addition, in order to meet the demand for intelligent air conditioning products in countries and regions with underdeveloped networks, the Eva, Grace, Morandi and other series of products have been developed to meet the needs of customers for multilingual offline intelligent voice control.

In terms of kitchen and bathroom and small household appliances, in addition to some traditional electrical appliances, the Company focuses on creating tea ecological electrical appliances and services, intelligent cleaning appliances and gas-type hot water appliances. In terms of small household appliances, according to the needs of users, it carefully cultivated the industry field, strengthened the integration of product functions, made breakthrough in the bottleneck of product refrigeration technology, and launched the industry's first smart refrigerator tea-cabinet water dispenser machine, and developed the intelligent tea art machines for mass consumers. In terms of kitchen and bathroom appliances, it improved the array of high-end gas products with full screen, lower drum DC, double gas and dual regulation, intelligent monitoring, segmented combustion and other technologies to lead the high-end and high-quality development of the industry; also, it had a layout in the new track in the cleaning electrical appliance industry, and launched the first floor scrubber product to enter the market strongly.

In terms of the biomedical development, the Company adhered to the brand concept of "taking products as the main carrier and delivering core values to users", focused on the field of life sciences, continued to promote product iterative innovation and quality upgrading based on user scenario-based needs, and provided users with professional full-scenario solutions, so as to shape a safe and stable brand image and continuously enhanced brand influence. It launched a new generation of "Cloud-Intelligent-Safe Automation Sample Library", and originally developed the -80°C independent storage unit, which has the advantages of high compatibility, multi-partition, phased and multi-system guarantee, and integrated IoT technology to provide users with safer and more intelligent automated sample storage solutions.

The Company has a relatively advanced and perfect R & D and quality assurance system, passed ISO9001, ISO14001, ISO45001 and other management system certification, and its products have quality assurance with reliable product performance. Meanwhile, the Company owns the "National Enterprise Technology Center", "National Industrial Design Center", "National Intellectual Property Demonstration Enterprise", "National Industrial Product Green Design Demonstration Enterprise", "National Technology Innovation Demonstration Enterprise", "China Industry-University-Research Cooperation Innovation Demonstration Enterprise", "Anhui Green Energy Saving Refrigerator Engineering Technology Research Center", "Anhui Energy Saving Green Preservation Refrigerator Engineering Research Center", "Anhui Manufacturing Innovation Center" and other authoritative certifications as a strong guarantee. In terms of technical research, it's been committed to the application of basic technology research and industrialization transfer, and has established a technical strategic plan with "intelligence, frequency conversion, simulation, and preservation" as the core technology and the "refrigeration, new materials, and foaming" as the key technology. In terms of product development, the Company is committed to user-centric, adhering to the product strategy of "fresh, thin, large and imbedded", creating the brand mentality of "Meiling fresh" in function, creating a "thin imbedded integration" design aesthetic in space, creating a storage benchmark of "ultra-high volume ratio" in terms of volume. Relying on technological innovation and breakthroughs,

it has been promoting the product upgrading, and constantly developing healthy, green and intelligent products that meet user needs, so as to empower consumers with a better life. At the strategic level, the Company continues to adhere to the core idea of "intelligent strategy and productism", and promotes the Company's product transformation, technological innovation and industry leadership by promoting the follow-up research and development, promotion and technological upgrade of intelligent and frequency conversion products.

(3) Operation capacity

The Company continues to carrying out bench-marking activities to improve the operation and management standards and competitiveness of the Company. At the same time, the internal management capability has been continuously improved by continuing to carry out the improvement work in "human efficiency, money efficiency and material efficiency". The company established a hierarchical sharing system with clear goals, quantitative indicators, performance-oriented performance appraisal and incentives to activate internal productivity. Taking value chain management as the main line, continued to carry out value creation work, and enhanced the company's competitiveness. At the same time, continuously improved the internal control system and improved the ability to prevent risks.

(4) Marketing ability

The Company has established a relatively complete sales network and service system, which can provide users with high-quality services covering all categories of white goods. The domestic market is actively accelerated to realize the marketing transformation from product line-oriented sales management to channel- and user-oriented business services, from single-category marketing to full-category marketing, quickly building an operation management system with reasonable commercial inventory management as the core and a value management system core with terminal retail price; through determined bench marking match, achieved products leading and efficiency improvement and builds the capability for marketing system and development potential for long period of time.

In terms of the overseas markets, it made the full play of the industrial advantages of internal and external synergy, air-conditioning and washing product synergy and global collaboration. While continuously improving overseas product research and development capabilities and product competitiveness, it committed to help customers do well in market segmentation, plan the products that meet the target market. Based on the marketing capabilities accumulated in China for many years, it has been driving the overseas market segments by tailored marketing strategies, providing customers with value-added services such as marketing promotion support on the basis of high-quality products, and improving core customer satisfaction. Meanwhile, we actively explored the overseas markets, expanded new customers, and constantly optimized the customer structure; It accelerated the overseas brand building, enhanced the overseas brand familiarity, deepened the overseas marketing channels and promotion capacity building.

IV. Main Business Analysis

In 2022, in the face of the macroeconomic downturn, the continued sluggish consumption, the overall decline of the industry, In addition, the impact of factors such as high temperature power limit on the market, all units of

the Company united and forged ahead, and finally achieved a contrarian growth in sales scale and a significant improvement in operating quality. During the reporting period, the Company's operating income reached 202.15 billion yuan, a YOY increase of 12.10%, and achieved a net profit of 2.77 billion yuan, a YOY increase of 218.17%, taking a solid step towards positive and stable operation.

(1) Refrigerator (cabinet) industry

In the domestic market, the Company adhered to the product strategy of "boutique + explosive + fine explosive products", focused on "fresh, thin, large, embedded" product layout, and with offline "big narrow door" series, online "worry-free embedded" and "Magic Stone" series products being successfully launched, it promoted the positive operation of products. In terms of basic channels, the digital transformation area has been expanded, the scale has been improved, and the front-installing market and the ODM business have been strategically expanded, with a large increase in scale. Upon the steadily improving online C-end operation capabilities, the profit and loss have been improved, and the B-end expansion capabilities have been enhanced, as well as the online scale has increased by nearly 30% YOY.

For the overseas market, it adhered to the "production determined by container arrangement", adhered to the integration of production, marketing and supply, increased the proportion of direct delivery, reduced the total inventory, and improved the inventory turnover rate, so as to improve capital efficiency. In terms of market expansion, it seized the opportunity to enhance the market opportunity, improve the product and customer structure, consolidate the advantageous market, build a base for its own brand business, and it focused on exploring the Belt and Road market.

During the reporting period, the Company's refrigerator (cabinet) business achieved revenue of about 73.13 billion yuan, a YOY decrease of 5.34%.

(2) Air-conditioning industry

In the domestic market, it mapped out to do the online explosive boutique product of cabinet and hang-up products and expand the unique value products offline. By developing new customers and making single boutique products, and implementing special action plans, it has achieved the initial results in terms of channel improvement. In addition, the large-scale high temperature weather across the country has significantly driven the retail, and the outbreak of O2O more-direct channels has exceeded expectations, obtained with a large YOY increase; Also, it has strengthened the cooperation with core strategic customers, and the ODM business has increased significantly.

In terms of overseas markets, we have focused on key customers, developed new, high-quality, and frequency conversion products and continuously improved customer service capabilities, ensuring delivery, promoting order turnover, concentrating resources, and making rapid breakthroughs, and further enhancing the threshold of TOP10 major customers; Upon centering on Latin America, the Middle East and other base markets, it has seized new opportunities for market development, and increased the proportion of revenue in core markets; it continuously injected impetus into business development by increasing the development of new customers.

During the reporting period, the Company's air conditioning business achieved a revenue of about 97.82

billion yuan, a YOY increase of 42.44%.

(3) Washing machine industry

The Company's washing machine industry adheres to the competitive strategy of differentiation and high quality, and continuously optimizes and adjusts the product structure. In the domestic market, it used the differentiated competitive advantage of "super thin" to closely focus on user needs, continued to promote product leading strategies, and completed the layout of high-end products such as 5GII complete set of lookup series, superoxide purification series, and high-box pulsator wave waterfall second generation fashion version. It continuously promoted the technological innovation, carried out the layout of the industry's original "drying tunnel washing" technology, completely solved the problem of easy blockage and unhealthy drying of the drying tunnel of the wash-and-dry machine, which has been highly recognized by the industry and consumers.

In terms of foreign markets, we actively expand the washing machine business with industrial innovation thinking. We developed a 27-inch ultra-large capacity wave washing machine exclusively for overseas, and realized the global layout of the product platform to meet the needs of overseas products. By improving customer service, we achieved the rapid development and delivery of new products to promote the rapid order turnover. Upon vigorously promoting the ultra-thin drum series, the profitability of the product has been significantly improved. During the reporting period, the Company's washing machine business achieved the revenue of about 7.54 billion yuan, a YOY increase of 12.64%.

(4) Kitchen & bathroom, small appliances

Adhering to tea appliances, gas water heaters and clean electrical products as the core, focusing on core product areas and steadily stabilizing the foundation, it has improved the scale of basic category products and gradually established the industry influence. Based on the traditional marketing, the Company actively embraced the new retail, vigorously explored the emerging channels, comprehensively sorted out the organizational structure of offline channels from the inside, and promoted the flattening transformation of offline channels. It has carried out the online comprehensive layout of traditional e-commerce Tmall, Jingdong, Pinduoduo and other e-commerce platforms, meanwhile based on Douyin, Xiaohongshu, Kuaishou and Youtube four emerging e-commerce platforms, with the goal of creating explosive products, it concentrated resources to focus on key products in categories to achieve brand awareness improvement not only through extensive grass cultivation but also to shape the brand story to consolidate the dominant position of Meiling brand in the industry. During the reporting period, the Company's kitchen and bathroom and small household appliances business achieved the revenue of about 16.06 billion yuan, a YOY increase of 20.72%.

(5) Biomedical

The Company's biomedical industry is deeply engaged in the field of biological sciences. Based on market demand, it continuously strengthens the innovation and research and development of new technologies and new products, optimizes the research and development process, stimulates the vitality of innovation and research and development, and forms sustainable technological innovation capabilities; Based on market demand, it carried out

the in-depth market segmentation channel layout, and continuously improved market service level, promoted the standardization of production processes, improved the level of value chain management and improved the capacity efficiency and product quality; The Company absorbed outstanding talents, improved the construction of talent training system, and stimulated the Company's vitality and creativity. Its biomedical industry is mainly carried out by its subsidiary Zhongke Meiling, whose products cover the full temperature zone of -196°C to 8°C, and have been widely used in medical systems, blood systems, disease control systems, health systems, university scientific research institutions, biomedical enterprises, genetic engineering and life sciences and other fields. Zhongke Meiling has been officially listed on the Beijing Stock Exchange on October 18, 2022 and publicly issued shares. During the reporting period, the revenue of biomedical business was about 3.52 billion yuan, a YOY decrease of 20.12%.

(ii) Revenue and cost

1. Constitute of operation revenue

In RMB

	2022		2021		Increase/decrease y-o-y (+,-)
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	20,215,220,192.20	100%	18,032,957,501.44	100%	12.10%
On Industry					
Manufacture of household appliances	20,037,625,297.52	99.12%	17,331,645,754.46	96.11%	15.61%
Other business	177,594,894.68	0.88%	701,311,746.98	3.89%	-74.68%
On products					
Refrigerator, freezer	7,664,575,851.66	37.91%	8,165,836,380.29	45.28%	-6.14%
Air-conditioning	9,781,896,262.72	48.39%	6,867,304,359.29	38.08%	42.44%
Washing machine	753,549,855.38	3.73%	668,996,516.82	3.71%	12.64%
Small appliance and kitchen & toilet	1,605,989,880.27	7.94%	1,330,315,557.62	7.38%	20.72%
Other products	231,613,447.49	1.15%	299,192,940.44	1.66%	-22.59%
Other business	177,594,894.68	0.88%	701,311,746.98	3.89%	-74.68%
Area					
Domestic	15,038,808,862.28	74.39%	13,212,985,690.01	73.27%	13.82%
Foreign	5,176,411,329.92	25.61%	4,819,971,811.43	26.73%	7.40%
Sub-sale model					
Direct sales	177,594,894.68	0.88%	701,311,746.98	3.89%	-74.68%
Distribution	20,037,625,297.52	99.12%	17,331,645,754.46	96.11%	15.61%

2. Situation of Industry, Product and District Occupying the Company's Business Income and Operating Profit with Profit over 10%

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
On Industry						
Manufacture of household appliances	20,037,625,297.52	17,325,069,941.59	13.54%	15.61%	13.43%	1.66%
On products						
Refrigerator, freezer	7,664,575,851.66	6,346,869,532.77	17.19%	-6.14%	-8.62%	2.25%
Air-conditioning	9,781,896,262.72	8,770,265,668.68	10.34%	42.44%	37.81%	3.01%
Small appliance and kitchen & toilet	1,605,989,880.27	1,408,047,190.15	12.33%	20.72%	21.99%	-0.90%
Area						
Domestic	14,871,610,639.87	12,793,366,256.67	13.97%	18.77%	18.69%	0.05%
Foreign	5,166,014,657.65	4,531,703,684.92	12.28%	7.40%	0.84%	5.71%
Sub-sale model						
Direct selling	20,037,625,297.52	17,325,069,941.59	13.54%	15.61%	13.43%	1.66%

In the event that the statistical caliber of the company's main business data is adjusted during the reporting period, the company's main business data in the latest year after adjustment based on the caliber at the end of the reporting period

Applicable Not applicable

3. Income from physical sales larger than income from labors

Yes No

Industries	Item	Unit	2022	2021	Increase/decrease y-o-y (+,-)
Manufacture of household appliances	Sales volume	10 thousand pieces/set	2,775.34	2,291.75	21.10%
	Production	10 thousand pieces/set	2,789.28	2,255.60	23.66%
	Inventory	10 thousand pieces/set	109.08	95.14	14.65%

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

Applicable Not applicable

4. Performance of the material sales contract and major procurement contracts that signed by the Company up to the reporting period

Applicable Not applicable

5. Constitute of operation cost

Industry classification

In RMB

Industries	Item	2022	2021	Increase/decr
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		Amount	Ratio in operation cost	Amount	Ratio in operation cost	Change y-o-y (+,-)
Manufacture of household appliances	Raw material	15,777,586,805.86	91.07%	13,942,721,443.16	91.29%	13.16%

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 X Financial Report”

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

Applicable Not applicable

8. Major sales client and main suppliers

(1) Major sales client of the Company

Total top five clients in sales (RMB)	11,790,336,957.70
Proportion in total annual sales volume for top five clients	58.32%
Proportion of the related parties' sales in total annual sales volume for top five clients	35.61%

Information of top five clients of the Company

No	Name	Sales (RMB)	Proportion in total annual sales
1	Client I	6,836,157,232.15	33.83%
2	Client II	3,857,275,864.05	19.08%
3	Client III	499,595,740.27	2.47%
4	Client IV	359,868,646.79	1.78%
5	Client V	237,439,474.44	1.17%
Total	--	11,790,336,957.70	58.32%

Other notes of main clients

Applicable Not applicable

(2) Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	3,715,431,056.70
Proportion in total annual purchase amount for top five suppliers	21.18%
Proportion of related party's purchase in total annual purchase amount for top five suppliers	10.92%

Information of top five suppliers of the Company

No	Name	Sales (RMB)	Proportion in total annual purchase
1	Supplier I	1,309,767,526.31	7.47%
2	Supplier II	831,473,318.98	4.74%
3	Supplier III	616,571,560.92	3.51%
4	Supplier IV	489,272,611.14	2.79%

5	Supplier V	468,346,039.35	2.67%
Total	---	3,715,431,056.70	21.18%

Other notes of main suppliers

Applicable Not applicable

(iii) Expenses

In RMB

	2022	2021	Increase/decrease y-o-y (+,-)	Note of major changes
Sales expense	1,428,874,991.47	1,364,640,404.75	4.71%	No major changes.
Administrative expense	358,586,472.37	333,588,775.37	7.49%	No major changes.
Financial expense	-55,214,680.04	-58,402,782.80	5.46%	No major changes.
R&D expense	560,383,547.49	465,891,096.09	20.28%	Due to the increase in R&D investment during the reporting period

(iv) Investment in R&D

Applicable Not applicable

Projects	Purpose	Progress	Goals to be achieved	Expected impact on the future development of the Company
"Super narrow door" refrigerator research and development	In the era of every inch of land values inch of gold, the consumers' pain point of "large-volume refrigerator demand limited by small space" is becoming more prominent. It's designed to solve this consumption pain point and realize the user needs of refrigerators "narrow, thin and supercapacity" and "small size with large capacity".	Completed and the product is available	With the strong support of "full space integration technology", the large and narrow door series refrigerator 600WUP9BT has a width of 833mm and a depth of 659mm, making it the narrowest and thinnest cross door refrigerator in the industry, achieving a capacity of 600L.	in the industry sets off a super narrow door phenomenon, and the phenomenal products continue to emerge, highlighting the innovation strength of the enterprise to the industry. By seizing the main trend logic of "meeting the consumption trend to meet user needs", empowering product upgrading with technological innovation, activating the existing market and exploring the incremental market, the "super narrow door" series of refrigerators will continue to play an important role in promoting the product structure and the Company's efficiency in the future.
"Worry-free" refrigerator research and development	Solve the user's demand for thinner and larger built-in refrigerators under the trend of home integration	Completed and the product is available	Through the full space integration technology and innovative bottom heat dissipation forward in and forward out design, the single-side reservation is less than 1cm close to 0 distance, and the back is 0 distance against the wall, a real define of the "zero flat embedding" true embedding standard	As the penetration rate of household integration and cabinet electricity integration gradually increases, from the perspective of market development trends and user needs, embedded refrigerators have become the main direction of product iterative upgrading. Under the premise of being user centered, we continue to innovate the size of the refrigerator box, and are committed to developing larger and thinner embedded refrigerators, allowing consumers to truly achieve the perfect integration of household appliances and home appliances.

Research and development of drum drying tunnelwashing technology	Solve the problem of plush blocking of the pipeline of drum washing and drying products, and solve the pain points of users	Completed and the product is available	The drying tunnel has no plush blocking failure, and the user experience is improved	By solving consumer pain points, Meiling washing machine product competitiveness and consumer satisfaction are enhanced
27 inch mechanical stirring type pulsator	Meeting the differentiated needs of the Latin American market	Completed and the product is available	Meet the agitating performance standards for the region being sold	Enrich Meiling's overseas product lineup through differentiated large pulsators, thus improving product gross profit
Research and development of complete set of intelligent voice products	As a component of complete sets of household appliances, complete the research and development of intelligent voice refrigerators and washing machines, and support the layout of complete sets of household appliances	Refrigerators and washing machines have been launched	Freeze the technical status and launch the product	Intelligent technology improves and supports the intelligent transformation of home appliances
Refrigerator IOT big data analysis and mining system for quality control	Improve the efficiency of product quality monitoring and analysis	At present, the design verification of the system architecture and the construction of the data platform have been completed	Realize IoT data analysis, monitoring and early warning of IoT product quality	Improve the efficiency of company quality analysis and monitoring, improve product quality, accelerate the corresponding speed, and reduce user complaints.
Research and application of dual DC drive technology of inverter air conditioner	Research and develop the industry's first inverter hanging air conditioning and fresh airconditioning dual external DC drive technology, overcome the industry's common built-in drive scheme of fresh air conditioning power chip overheating and PS-9 problems, and build a new electronic control platform for hanging upproducts.	Mass produced	The project technology realizes the power reduction of switching power supply, increases new functions such as power detection and filter dirty blocking detection at zero cost, and achieves industry-leading competitiveness of the solution.	The promotion and application of the scheme can greatly enhance the comprehensive competitiveness of products of various specifications.
The development of living room and dining room shared C cabinet machine series products	Based on the insight into user needs, we break through the technical problems of ultra-long golden ratio air outlet and ultra-long distance air supply, and develop a new shape of household air conditioner of living room and dining room shared.	Completed and the product is available	Through the structure of the upper and lower air outlets and the multi-modal three-dimensional air supply technology, the pain points of the traditional cabinet machine "wide air supply range, the living room blows directly", "the air supply distance is short, the dining room cannot	optimized the product line structure, and enhanced the quality, taste and brand reputation of the product.

			blow" are solved, improved the differentiated competitiveness of products, and realized the hot sales of a series of products driven by single products.	
Fridge tea-cabinet water dispenser	Solve the pain points of ice water use and provide refrigerated storage space	Completed and the product is available	The industry's first refrigerator tea-cabinet water dispenser product	Enhance brand image, lead the development of tea machine industry, and improve profit margin
Solid wood tea-cabinet water dispenser	The body material of the tea-cabinet water dispenser is changed to solid wood and combined with furniture	Completed and the product is available	Combine and experiment with home appliances and home furniture	High-end products, improving gross margin
JSLQ27-16TN3 zero cold water condensing gas water heater	Develop a zerocondensing water combustion and heating product, achieve level 1 energy efficiency, and realize instant heating at the time of use.	Completed and the product is available	Users do not need to discharge cold water, turn on the hot water faucet can use hot water at any time, while saving energy and gas, reducing gas costs	Enrich the Company's combustion product line and enhance brand value
New refrigerant R290 mobile air conditioner series product development	New product development, entering the European market	Completed and the product is available	Improve the product line	Improve the Company's product line, seize the developed country market, and enhance the Company's brand image
UVC series air conditioning product development	Increase product selling points	Completed and the product is available	All products of split-type air conditioners can add UVC function as an option	Enrich product functions and increase the selling points of the Company's products
Research and industrialization project of ultra-low temperature intelligent biobank	The project mainly serves the centralized storage and management of large batches of biological samples, which can maximize the efficiency of sample preparation quality, reduce cross-contamination, improve sample preparation and processing speed, and trace the source to reduce the risk of errors	Validation phase	Solve the problems of freeze-thaw during sample storage, uneven temperature fluctuations in the library during operation, accurate scanning of samples in batches, and long-term stable operation of various automation equipment in low temperature environments, and realize the mass production and industrialization of ultra-low temperature intelligent biobanks	The success of this project can realize the mass production and industrialization of ultra-low temperature intelligent biobanks, help improve the popularity of the Company's products, and bring new growth to the Company's business to expand into new fields, new industries and new markets.
Development and Application of Biological Sample Database Information Management System	The project combines Internet of Things technology to collect, organize, and share information and data from the entire life cycle of biological sample	Validation phase	According to the existing functions of the software and different customer needs, the software is divided into versions to meet the needs of different users	To meet the urgent needs of market users for standardized, specialized, practical, and stable biological sample information management systems, upgrade our existing sample management software, and develop a good information interaction and

	collection, processing, storage, and use, and implement multi-angle management for data security throughout the process, achieving remote resource sharing and information security supervision of biological samples.			information assurance platform to meet user needs, which will play an important role in promoting the company's future development in the field.
Laboratory biosafety technology - research and development of benchtop refrigerated centrifuges	Aiming to the strong demand for laboratory sample pretreatment centrifugation, the project accelerates the layout of the centrifuge market, and designs and develops a series of refrigeration laboratory centrifuge products to meet the needs of users' experiments and work.	Validation phase	Realize mass production and sales	Meet the market's procurement demand for various centrifuge products, accumulate rich technology and production experience for the future research and development of such products, enter the centrifuge market, and enhance the Company's comprehensive competitiveness.

R&D personnel

	2022	2021	Change proportion
Number of R&D personnel (person)	1,533	1,312	16.84%
Proportion of R&D personnel	15.07%	13.04%	2.03 percentage points up
Educational background			
Undergraduate	1,029	844	21.92%
Masters	106	99	7.07%
Age composition			
Under 30	389	337	15.43%
30-40	584	473	23.47%

Investment of R&D

	2022	2021	Change proportion
Investment for R&D (RMB)	655,917,101.66	623,553,400.81	5.19%
R&D investment/Operating revenue	3.24%	3.46%	0.22 percentage points down
Capitalization of R&D investment (RMB)	135,753,117.26	185,278,347.99	-26.73%
Capitalization of R&D investment/R&D investment	20.70%	29.71%	9.01 percentage points down

Reasons and effects of significant changes in composition of the R&D personnel

Applicable Not applicable

Reasons for significant changes in the proportion of total R&D investment in operating revenue from the previous year

Applicable Not applicable

Reasons and rationality of the major changes of the capitalization rate of R&D investment

Applicable Not applicable

(v) Cash flow

In RMB

Items	2022	2021	Increase/decrease y-o-y (+,-)
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Subtotal of cash in-flow from operation activity	21,950,834,479.70	19,122,732,939.87	14.79%
Subtotal of cash out-flow from operation activity	20,485,678,731.64	18,961,809,681.77	8.04%
Net cash flow from operation activity	1,465,155,748.06	160,923,258.10	810.47%
Subtotal of cash in-flow from investment activity	1,205,533,608.35	2,089,320,180.25	-42.30%
Subtotal of cash out-flow from investment activity	1,711,918,251.95	2,071,396,229.61	-17.35%
Net cash flow from investment activity	-506,384,643.60	17,923,950.64	-2925.18%
Subtotal of cash in-flow from financing activity	1,647,463,355.44	1,700,242,527.68	-3.10%
Subtotal of cash out-flow from financing activity	2,402,373,865.79	2,450,727,546.66	-1.97%
Net cash flow from financing activity	-754,910,510.35	-750,485,018.98	-0.59%
Net increased amount of cash and cash equivalent	273,027,138.19	-585,334,883.53	146.64%

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

Applicable Not applicable

Major changes in net cash flow from operation activity mainly because the cash paid for good procurement and received services during the period increased from a year earlier.

Major changes in net cash flow from investment activity mainly because the cash received from the recovery of investment decreased from a year earlier.

Major changes in net cash flow from financing activity mainly because the cash paid for debt services increased from a year earlier.

Explanation on reasons for the significant differences between the net cash flow arising from operation activities in the Period and net profit of last year

Applicable Not applicable

Mainly because at end of the period, inventory and operating payable decreased from the beginning of the year.

V. Analysis of the non-main business

Applicable Not applicable

In RMB

	Amount	Ratio in total profit	Note	Whether be sustainable (Y/N)
Investment income	33,018,838.80	11.52%	It is mainly due to the investment income of joint venture investment, creditor's rights investment and other non-current financial assets during the holding period.	No
Gains/losses from fair value changes	24,137,501.27	8.42%	It is mainly due to the appraisal income of the company's forward foreign exchange contracts and other non-current financial assets in this period.	No

Asset impairment	-56,496,124.06	-19.71%	It is mainly due to the depreciation of inventory and impairment loss of intangible assets accrued by the company in this period.	No
Non-operation income	9,249,343.27	3.23%	It is mainly due to the fine income received by this in this period.	No
Non-operation expenditure	8,487,764.98	2.96%	It is mainly due to the scrapping loss of non-current assets and public welfare donations of the company in this period.	No
Credit impairment losses	-164,446,765.99	-57.37%	It is mainly due to the impairment loss of accounts receivable accrued by the company in this period.	No

VI. Analysis of assets and liability

(i) Major changes of assets composition

In RMB

	Year-end of 2022		Year-begin of 2022		Ratio changes(+,-)	Note of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	6,839,421,779.13	42.22%	5,938,823,396.21	39.10%	3.12%	It is mainly due to the increase in net cash flow generated by the company's operating activities in this period.
Account receivable	1,306,871,945.85	8.07%	1,440,874,691.28	9.49%	-1.42%	It is mainly due to the increase in the amount of bad debt provision for accounts receivable in this period.
Contract assets	4,301,610.03	0.02%			0.02%	It is mainly due to the company's new project quality guarantee fund in this period.
Inventory	1,710,306,933.71	10.56%	1,356,357,419.80	8.93%	1.63%	It is mainly due to the increase in production of the company in this period.
Investment real estate	52,898,060.89	0.33%	53,149,934.45	0.35%	-0.02%	No major changes.
Long-term equity investment	100,384,428.50	0.62%	86,631,660.53	0.57%	0.05%	It is mainly due to the increase in the investment income of the company to the associated enterprises in this period.
Fix assets	2,229,553,866.96	13.76%	2,303,122,699.92	15.16%	-1.40%	It is mainly due to the company's receipt of compensation for purchasing and storing land use rights in this period.
Construction in progress	66,522,492.77	0.41%	98,469,862.45	0.65%	-0.24%	It is mainly due to the increase in fixed assets transferred by the company in this period.
Right-of-use assets	36,646,135.10	0.23%	45,367,918.31	0.30%	-0.07%	No major changes.
Short-term loans	674,143,916.67	4.16%	622,874,652.77	4.10%	0.06%	It is mainly due to the increase in short-term loans borrowed by the company in this period.
Contract liability	358,755,397.77	2.21%	515,004,115.23	3.39%	-1.18%	It is mainly due to the decrease in the company's advance payment in this period.

Long-term loans	148,000,000.00	0.91%	168,000,000.00	1.11%	-0.20%	It is mainly due to the reclassification of the company's long-term loans to non-current liabilities due within one year.
Lease liability	28,164,287.97	0.17%	33,225,912.15	0.22%	-0.05%	It is mainly due to the rental fee paid by the company in this period.

Foreign assets account for a relatively high proportion

Applicable Not applicable

(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)	17,997,086.19	39,663,502.48						57,660,588.67
2. Receivable financing	1,808,109,301.56						-361,750,581.68	1,446,358,719.88
3. Other non-current financial assets	581,980,440.70	14,131,251.16			40,000,000.00	7,562,243.55		628,549,448.31
Subtotal of financial assets	2,408,086,828.45	53,794,753.64			40,000,000.00	7,562,243.55	-361,750,581.68	2,132,568,756.86
Above total	2,408,086,828.45	53,794,753.64			40,000,000.00	7,562,243.55	-361,750,581.68	2,132,568,756.86
Financial liabilities	12,304,272.41	29,657,252.37						41,961,524.78

Other changes:

Other changes in receivables financing are due to the settlement of bills receivable in this period.

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 “65. Assets with restricted ownership or use rights” in “VI. Note of consolidate financial statement” carried under Section X. Financial Report

VII. Investment analysis

(i) Overall situation

Applicable Not applicable

Investment in the reporting (RMB)	Investment in the same period of last year (RMB)	Changes
200,000,000.00	50,000,000.00	300.00%

(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)
Changhong Group Sichuan Shenwan Hongyuan Strategic New Industry Parent Fund Partnership (Limited Partnership)	Engagement in equity investment, investment management, asset management and other activities with private equity funds	Newly established	200,000,000.00	13.34%	The Company and its subsidiary Changhong Air Conditioning each invested RMB 100 million with their own funds	Sichuan Shenwan Hongyuan Changhong Equity Investment Management Co., Ltd., Shenwan Hongyuan Group Co., Ltd., Sichuan Changhong Electronic (Group) Co., Ltd., Sichuan Changhong Electric Co., Ltd., Guangdong Changhong Electronics Co., Ltd., Sichuan Qiruike Technology Co., Ltd., Sichuan Changhong Power Supply Co., Ltd., Sichuan Changhong New Energy Technology Co., Ltd., Changhong Sanjie New Energy Co., Ltd., Sichuan Changhong Green Environmental Science and Technology Co., Ltd., Yibin Red-star Electronics Co., Ltd., Sichuan Changhong Digital Technology Co., Ltd., and Changhong Huayi Compressor Co., Ltd.	10 years	Not applicable	During the reporting period, the initial investment was RMB 40 million (including RMB 20 million from the Company and RMB 20 million from Changhong Air Conditioning Company).	Not applicable	44,345.58	No	2022-07-13	Juchao Website: http://Juchao Website (www.cninfo.com.cn)(Notice No.: 2023-053
Total	--	--	200,000,000.00	--	--	--	--	--	--	--	44,345.58	--	--	--

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

Applicable Not applicable

(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

(1) Derivatives investment for hedging purposes during the reporting period

Applicable Not applicable

In RMB 10,000

Type	Initial investment	Profit and loss of fair value change in the current period	Changes in the cumulative fair value included in the equity	Amount purchased in the reporting period	Amount sales in the reporting period	Investment amount at period-end	Ratio of investment amount at period-end in net assets of the Company at period-end
Forward foreign exchange contract	299,655.67	1000.63	0	573,176.54	525,608.05	217,191.88	42.02%
Total	299,655.67	1000.63	0	573,176.54	525,608.05	217,191.88	42.02%
Specific principle of the accounting policy and calculation for derivatives in the Period compared with last period in aspect of major changes	Not applicable						
Description of actual profit and loss during the reporting period	During the reporting period, the Company confirmed the income from derivatives investment of RMB -13588.99 million.						

Description of hedging effect	During the reporting period, the Company adhered to the principle of exchange rate risk neutrality, used forward foreign exchange contracts as hedging tools, and signed forward foreign exchange contracts according to the foreign exchange receipt amount predicted by sales and the target cost exchange rate. The delivery period matched with the predicted return amount, and the agreed delivery amount matched with the predicted return amount to avoid the risks caused by exchange rate fluctuations. The cash flow changes in the hedging tools during the reporting period can offset the cash flow changes in the hedged items caused by exchange rate fluctuations, which met the requirements of hedging effectiveness and achieved the hedging objectives.
Capital resource	Own fund
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> <ol style="list-style-type: none"> 1. Market risk: domestic and international economic situation changes may lead to exchange rate fluctuations, forward foreign exchange transactions are under certain market risk. Forward foreign exchange business is aiming to reducing impact on corporate profits by foreign exchange settlement and sale prices, exchange rate fluctuations. The Company will follow up the exchange fluctuation, on the basis of target rate determined from the business, relying on the research of the foreign currency exchange rates, combined with prediction of consignments, and burdening ability to price variations due to exchange rate fluctuations, then determine the plan of forward foreign exchange contracts, and make dynamic management to the business, to ensure reasonable profit level. 2. Liquidity risk: all foreign exchange transactions are based on a reasonable estimate of the future import and export business, to meet the requirements of the trade authenticity. In addition, forward foreign exchange transactions are processed with bank credit, will not affect liquidity of company funds. 3. Bank default risk: if cooperative banks collapse within the contract time, the Company will not be able to transact the original foreign exchange contracts with contract price, which leads the risk of income uncertainty. So the Company chose five state-owned banks, the Chinese-funded banks in shareholding enterprise as 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. 4. Operational risk: improper operation of the person in charge of forward foreign exchange transactions may cause related risk also. The Company has formulated related management system which defines the operation process and responsibility to prevent and control risks. 5. The legal risks: unclear terms based in contract signed with banks for related transactions may lead legal risks when forward foreign exchange transactions are processing. The Company will strengthen legal review, and choose good bank to carry out this kind of business as to risk control.
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	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 -13588.99 million yuan.
Lawsuit involved (if applicable)	Not applicable
Disclosure date for approval from the Board for investment	March 31,2022

of derivatives (if applicable)	
Disclosure date for approval from board of shareholders for investment of derivatives (if applicable)	April 29,2022
Special opinion on derivative investment and risk control by independent directors	Upon verification, the independent directors believe that during the reporting period, the company's forward foreign exchange fund trading business was strictly carried out in accordance with the provisions of the "Self regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 1 - Standardized Operation of Main Board Listed Companies", the company's "Articles of Association", "Company Authorization Management Measures", "Company Forward Foreign Exchange Fund Trading Business Management System", and other relevant systems, Operate within the authorization scope of the shareholders' meeting and the board of directors, and do not conduct foreign exchange transactions solely for profit. All forward foreign exchange fund transactions are based on normal production and operation, relying on specific business operations, and aimed at preventing exchange rate risks. The forward foreign exchange fund trading business carried out by the company is conducive to preventing the exchange rate risks faced by the import and export business, and meets the company's operational development needs. There are no speculative operations, and there are no violations of relevant laws and regulations. Relevant businesses have performed corresponding decision-making procedures, and there are no situations that harm the interests of the company and all shareholders, especially small and medium-sized shareholders.

(2) Derivative investments for speculation during the reporting period

Applicable Not applicable

The Company had no derivative investment in the reporting period.

(v) Application of raised proceeds

Applicable Not applicable

The company has no use of raised funds during the reporting period.

VIII. 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

IX. 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	807,126,097.66	601,153,336.55	406,489,091.83	49,641,468.31	46,273,692.68
Jiangxi Meiling Electric Appliance Co., Ltd.	Subsidiary	Manufacturing of refrigeration and freezer	50,000,000	278,324,616.56	140,259,789.88	706,341,391.00	7,552,290.98	7,558,590.98
Mianyang Meiling Refrigeration Co., Ltd.	Subsidiary	Manufacturing of refrigeration and freezer	100,000,000	161,440,391.22	119,613,739.36	357,370,640.21	-534,107.81	-945,180.17
Sichuan Changhong Air-conditioner Co., Ltd.	Subsidiary	R&D, manufacturing and domestic sales of air-conditioning	850,000,000	3,775,310,274.39	1,224,343,143.33	6,921,479,747.99	128,387,504.63	139,143,595.12
Zhongshan Changhong Electric Co., Ltd.	Subsidiary	R&D, manufacturing and foreign sales of air-conditioning	334,000,000	1,621,626,963.00	183,642,460.63	3,079,395,653.40	106,761,877.14	101,756,266.88
Hefei Meiling Group Holdings Limited	Subsidiary	Sales of white goods	80,000,000	1,181,996,329.32	-427,060,484.09	5,575,804,847.40	-195,650,670.93	-197,533,370.30
Changhong Meiling Ridian Technology Co., Ltd.	Subsidiary	R&D, manufacturing and sales of kitchen and toilet products, small home appliances and water purifier	83,000,000	273,283,685.46	137,631,717.96	237,989,059.17	1,256,975.53	623,419.57
Hefei Changhong Meiling Life Appliances Co., Ltd.	Subsidiary	R&D and sales of household appliances, kitchen appliances and	50,000,000	559,292,964.66	107,277,092.17	1,419,586,443.18	48,640,149.80	40,576,245.84

		small home appliances						
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(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
Jinan Xiangyou Electric Appliances Marketing Co., Ltd	Cancellation	Minor effect on the overall production and operation and performance of the company
Zhengzhou Meiling Electric Appliances Marketing Co., Ltd	Mergers & acquisition	Minor effect on the overall production and operation and performance of the company
Meiling Kadi Washing Machine Co., Ltd	Cancellation	Minor effect on the overall production and operation and performance of the company

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

During the reporting period, subsidiary Sichuan Changhong Air-conditioner Co., Ltd. and Zhongshan Changhong Electric Co., Ltd has larger increase in net profit from a year earlier, mainly due to the big increase in operation revenue.

X. Structured entity controlled by the Company

Applicable Not applicable

XI. Prospects for the future development of the company

(1) Macro environment analysis

Looking forward to 2023, As domestic policies to support consumption and other related policies continue to increase, the potential of domestic demand has been continuously released, residents' consumer confidence is expected to be further restored, and "hustle and bustle" is returning in an orderly manner. First of all, from the perspective of industrial structure, considering the high penetration rate of mature household appliances in China, with the weakening of the real estate cycle attribute of the household appliances industry, the industry demand depends more on the stock renewal, and the growth mainly depends on some emerging categories that improve the quality of life through technological innovation. Secondly, with the recovery and improvement of residents' income level, the consumer market will gradually recover, which will have a positive impact on the domestic market, but it will still take some time for residents' income to recover and consumption recovery will be gradual. Thirdly, with the relaxation of real estate policy, the performance of home appliance industry, as a post-cycle industry of real estate, is expected to enter an improvement channel. In addition, the recovery of home decoration industry will also drive certain household appliance consumption. Compared with domestic sales, it is facing many pressures such as high global inflation, declining consumer demand, and orders being transferred to overseas factories in the overseas markets, and the home appliance export market may continue to be under pressure.

(2) Industry environment analysis

1.Refrigerator (freezer) industry

In the domestic market, according to the data released by the National Bureau of Statistics, the refrigerator and

freezer ownership per 100 households in China has exceeded 100 in 2020, which also means that the refrigerator market has fully entered the stock market, and the product structure upgrade and the price structure upgrade brought about by the renewing process still exist, and the scale still maintains a steady development trend. From the perspective of the supply side, although raw material prices of bulk commodity have fallen, they are still operating at a high level. The long-term existence of cost pressures will continue to form a negative feedback on the scale, and will also continue to drive industry prices higher.

At present, the domestic employment income is under pressure, and the lack of consumer confidence has a great impact on the consumption growth of household appliances such as refrigerators and freezers. However, with the implementation of multiple domestic consumption stimulus policies, in addition to the policy support at the national level, measures to stimulate consumption of household appliances have been released one after another at the local government level throughout the country; On the enterprise side, mainstream home appliance enterprises also actively responded to the policy call, and joined hands with channel enterprises such as e-commerce platforms and chain stores to promote sales by cutting profits for consumers; On the supply and demand side, economic development drives the development of commercial activities, the demand for refrigeration facilities in catering and retail industry is increasing, and the domestic market is expected to gradually warm up. AVC predicts that the retail sales in the refrigerator market will reach 30.46 million units in 2023, with a year-on-year increase of 1.9%, while consumers pursue the improvement of quality of life. The upgrading of market consumption structure brought by the upgrading of refrigerators will promote the sustained price growth. It is estimated that the retail sales will reach RMB 97.4 billion, with a year-on-year increase of 5.2%.

In terms of freezers, at present, the renewal cycle of freezer products is long, which can not stimulate the demand for replacement; Thirdly, although the share of large-volume refrigerators is expanding rapidly with a certain degree of extrusion, for consumers, freezers and refrigerators are still on different tracks. In 2023, the retail volume of the freezer market in China was 9.99 million units, with a year-on-year increase of 2.6%, and the retail volume was RMB 13.3 billion, with a year-on-year increase of 3.6%. The products such as vertical freezers and ice bars in subdivided tracks became a popular trend, which is expected to drive the freezer category to continue to grow in the future.

On the export side, due to the weak demand brought by the previous overdraft, the recovery of overseas production capacity and the decline in consumer demand, plus the multiple pressures brought by high inflation, maritime fluctuations and exchange rate changes, the demand for refrigerators in overseas markets, especially in Europe and the United States, will probably fall back. From the perspective of export areas, although emerging countries and some regions have sufficient growth potential, it is difficult to offset the high contraction of the broader market. It is noted that since RCEP (ASEAN Free Trade Area) came into effect in 2022, it has had a positive impact on the export of refrigerators and freezers in China. It is estimated that the sales of China exported to the other 14 member countries of RCEP will continue to increase in 2023. But overall, it is expected that the overall export scale of refrigerator cabinets will continue to be under pressure in 2023.

2. Air-conditioning industry

In 2023, for the air-conditioning industry, there are many favorable factors, such as consumption recovery, confidence recovery, real estate guaranteed delivery, and the release of relevant favorable policies, which will effectively stimulate the resilience of the air-conditioning market, especially under the low base of three-year scale. AVC predicts that the air-conditioning retail market in China will reach a sale of 58.97 million units in 2023, with a year-on-year increase of 3.2%. Therefore, enterprises need to continuously expand and extend their channels, scenarios and user demand.

Affected by the international situation, geopolitics, economic downturn, serious inflation, climate and other reasons, overseas market demand is sluggish, the market continues to decline, entering stock competition, volume and price decline at the same time, and scale growth and profits are facing double challenges.

3.Washing machine

The washing machine industry is affected by factors such as low base in 2022 and comprehensive liberalization of prevention and control, the suppressed demand in the washing machine industry is expected to be released, which will have a positive impact on the recovery of the domestic market of washing machines in 2023. In terms of demand, the consumer's washing demand is gradually developing to the washing and washing care demand, and the partition washing and mini-washing products will show greater growth potential. In terms of product trends, the washing capacity will further increase, and the ultra-thin embedded large-capacity products will continue to grow. Due to the slowdown of global economic recovery, consumer demand in overseas markets has not changed significantly, but due to the influence of low base, the overall market size will remain relatively stable.

4.Kitchen & bathroom, small appliance

Under the background that economic development has entered the "new normal", residents' consumption is at a low ebb, and saving desire is high, the competition in kitchen and bath appliance and small household appliances market is becoming increasingly fierce, with health and intelligence becoming the important growth drivers, and emerging channels and sinking markets becoming places of strategic importance for brands. From the perspective of channel trends, China's home appliance market has entered an era of inventory, and offline channels are gradually recovering, and the retail sales of online channels have maintained a positive growth. Social e-commerce has become an important emerging channel that cannot be ignored. Judging from the consumption trend, consumers' consumption concept has gradually changed from individual rationality to group rationality, and the best-selling products are mostly multifunctional products with strong practicability, which are easy to store and save space. Meanwhile, consumers' willingness to pay a reasonable premium for higher-quality goods is quietly increasing, and high-quality products are embracing benefits. Judging from the product trend, the demand for traditional household appliances has slowed down, and products representing health demand, integration demand and exquisite lazy demand are still on the rise.

The competition in kitchen appliances market is fierce, and some emerging categories are still with a very low retention rate in China, and are gradually entering ordinary families. Enterprises need accurate positioning, and product-driven is the key to breakthrough. Meanwhile, cleaning appliances are still in the growth trend under the overall decline of household appliances market, with diversified brands. Under the situation of rapid development

of categories, high cost performance will become the focus of users' attention.

5. Bio-medical

As the economic stabilization policy continues to be implemented, residents' consumption will reach a peak, the pace of economic recovery will progress steadily, and China's economy will be under pressure, but it will develop steadily for a long time. The medical device industry has a large market scale and numerous segments. After experiencing equipment upgrades in grassroots medical institutions, the market demand for various types of medical devices has returned to normality, showing a steady development trend.

With the growth of China's per capita GDP and per capita disposable income and the trend of accelerated aging, the national expenditure on medical care will keep increasing. At the same time, with the development and construction of China's medical and health system, users at all levels of medical and health institutions, scientific research institutes, pharmaceutical enterprises and so on are increasing; More and more attention has been paid to bio-safety, which has stimulated the growing demand for potential biological sample storage; With the expansion of biopharmaceuticals, the scale of global refrigerated drugs has expanded, and the demand for cryogenic storage equipment has continued to grow; Under the trend of intelligence, the demand for equipment iterative upgrade is particularly obvious; National policies focus on encouraging localization and substitution of medical devices. These development demands will continue to promote the continuous improvement of the industrial chain of the domestic medical device industry, and also bring sustained growth momentum to the market segment of cryogenic storage equipment.

(iii) Development strategy

1. Vision

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

2. Strategic direction

Fully implement the guideline of "one goal, three main lines", drive organizational transformation through reasonable commercial inventory turnover, and improve overall competitiveness with efficiency as the core, so as to achieve the steady development of the industry.

(iv) Business plan for 2023

1. Business ideas

Focus on "one goal", closely follow "three main lines", implement "four management systems" and unswervingly deepen marketing transformation to carry out work for business ideas. The company will firmly take the road of efficiency-oriented, product leading and benchmarking, and continue to deepen the marketing transformation, further strengthen the value management system centered by retail price, the operation management system centered by reasonable commercial inventory, the marketing management system centered by retail, and the cost control system centered by rigid budget, and continue to increase revenue, reduce costs and reduce fees in terms of research and production, so as to achieve the goal of continuous improvement and upgrading of operations.

(1) One goal

"One goal" is to achieve scale growth on the premise of profitability.

(2) Three main lines

Efficiency oriented: value-oriented, to achieve continuous improvement of business by improving efficiency in four aspects: capital efficiency, channel efficiency, product efficiency and management efficiency.

Capital efficiency: continuously focus on commercial inventory turnover, guarantee delivery timeliness, improve the capacity of the whole supply chain, and achieve capital efficiency through retail drive.

Channel efficiency: focus on retail sales, promote quality products, improve product structure, make efforts in e-commerce channels, expand incremental channels, consolidate basic channels, upgrade chain channels, and continuously improve operating quality.

Product efficiency: classify and manage products, continuously improve product structure and increase gross profit margin by creating hot products, promoting high-quality products and optimizing the value chain of inefficient products and drainage products.

Management efficiency: the manufacturing end improves production efficiency by benchmarking, increasing daily production, reducing labor and eliminating process obstacles; focus on multiple tariff, reduce fees and improve efficiency, promote cost control, and enhance gross profit.

Product leading: to create products with unique value that meet the needs of Meiling consumers.

Products: refrigerators adhere to the product strategy of "quality products" + "hot products" + "hot quality products", with a product layout around "fresh, thin, large and embedded"; The freezers are based on "deep freezing, fresh freezing, defrosting and anti-bacteria"; The wall-mounted air conditioners are "all dust-free", and the cabinet air conditioners are with "far-reaching and near soft cooling, share in both living room and dining room"; The washing machines are "thin, big, simple and clean"; The kitchen and small household appliances focus on tea ecological appliances and services, cleaning appliances, and gas water heaters to cultivate core competitiveness and build influential brands in the industry; The biomedical products are distributed around "life science and cold chain", and the competitiveness of products is continuously improved through "accurate positioning, enhanced layering, revitalized bases and customized channels" to promote the benign operation of products.

Technology: to improve the capacity building of core key technologies. Master the core technology independently to achieve industry leadership; Integrate and apply key technologies, and build the "Lingyun" industrial Internet platform based on the concept of "collaboration, sharing, symbiosis and empowerment" to provide users with a good trading and service experience, while promoting the open sharing and deep integration of resources among enterprises and promoting the coordinated development of the entire industrial chain; Focus on the core of "Zhihuijia" intelligent strategy, persist in creating three major directions: product intelligent upgrade, service data transformation and scenario support to achieve industry advancement; Master the mechanism of hard core science and technology to achieve industry breakthrough.

Benchmarking: by comprehensively benchmarking, comparing gaps, finding reasons, and filling shortcomings, to drive the improvement in internal efficiency and terminal competitiveness. Focus on promoting benchmarking such as product cost, production efficiency, share increase and average price increase, and improve organizational performance, ability and efficiency.

(3) Firmly adhere to marketing transformation and implement four management systems

Deepen marketing transformation, adhere to the whole value chain operation under the industrial responsibility system, carry out the general direction of strong management by headquarters and strong implementation by divisions, and implement four management systems, namely, the value management system centered by retail price, the operation management system centered by reasonable commercial inventory, the marketing management system centered by retail, and the cost control system centered by rigid budget,.

2. Market strategy

(1) Refrigerator (freezer)

In the domestic market, promote customer-centered concept and provide consumers with products with unique value. Promote quality products and create hot products. In terms of channels consolidate the basic channels by promoting the refined management of core customers and expanding outlets, enhance the trend channels through product layout and operational capabilities, improve the operating quality of chain channels by focusing on core areas and cancelling inefficient stores, and focus on resources to rapidly expand ODM business.

In the overseas market, driven by efficiency, continuously improve the quality of overseas business. Focus on key projects to improve R&D efficiency, improve product efficiency through internal and external collaboration and global collaboration, and improve market and customer efficiency by focusing on advantageous markets and key customers. Increase team and product investment in brand business, and continue to promote the construction of overseas independent brands.

(2) Air-conditioning

In the domestic market, insist on TOC and TOB dual drive. Continue to promote the digital transformation of basic channels, strategically expand TOP channels, intensively cultivate the three special programs of O2O benchmark stores, continuously improve the channel operation quality, finely operate chain channels, and improve the operation quality. Rely on the company's R&D capabilities and manufacturing capabilities, respond quickly and serve customers in all directions, and maximize the scale under controllable risks.

In overseas markets, continue to practice the concept of "profitable scale growth and profitable cash flow growth", adhere to brand priority, develop brand e-commerce and expand brand agency; focus on the core market of stock and vigorously explore the market; improve product capabilities, expand customer channels, and at the same time use efficiency improvement to reduce costs, improve quality and improve service capabilities.

(3) Washing machine

The washing machine business continues to take the industrial vision of "washing all stains and protecting the

whole family". With "ultra-thin embedding" as the brand difference, create a cleaning benefit point on this basis, which will meet the practical needs of consumers for ultra-thin space saving and the aesthetic needs of embedded installation matching versatile decoration, thus better serving the middle class who pursue quality life. Around innovative rubbing, washing, penetrating washing care technology, a new drum product is launched to provide machine washing clean as hand washing; The impeller breaks through the strong water flow technology with the core technology of "small volume and large capacity, one-button intelligent washing". Serve the consumer groups that pursue cost performance, semi-automatic replacement and full automation. Meanwhile, further expand overseas business and ODM/OEM customers. Complete the layout of mini washing and washing care product line and achieve a rapid breakthrough in the scale of washing machines.

(4) Kitchen and bath, small household appliances

Adhere to the principle of "focus, transformation, leap and win-win" in kitchen and bathroom and small household appliances industries. In terms of products, focus on the core products of tea ecology, heating and clean electrical appliances, strengthen R&D and technology implantation, create hot products in the industry, and expand market scale and industry position; In terms of marketing channels, consolidate basic channels, strengthen trend channels, realize "walking on two legs", enhance brand channel ability and expand brand influence.

(5) Bio-medical

Unswervingly implement the development strategy of "based on relevant diversification in biomedical field", focus on the field of life sciences, deepen the construction of customer-oriented domestic and international channel system, focus on the comprehensive user strategy, deeply explore the needs and potential of users, improve service level, and expand user coverage and product market share.

The above business plans and business objectives do not represent the listed company's profit forecast for 2023. Whether they can be realized depends on many factors such as changes in market conditions and the efforts of the management team. There is great uncertainty, which shall be especially noted by the investors.

(V) Possible risks and countermeasures

Facing the objective factors such as more intense competition in the home appliance market, the living environment of enterprises will be even worse. In 2023, the company will face risks such as declining industry demand, fluctuations in exchange rates, and fluctuations in bulk material prices.

1. Industry demand declines

As domestic policies such as supporting consumption continue to increase, residents' consumer confidence is expected to recover further in 2023. However, the traditional incremental dividend of household appliances has ended, and a new cycle of stock replacement has started. The market development has entered a slow lane, and the role of external environment and policy influence is relatively limited.

2. Exchange rate fluctuation risk

Affected by the international situation, the exchange rate fluctuates greatly. The Company will pay close attention to exchange rate changes and operate steadily to reduce the impact of exchange rate changes.

3. Risk of price fluctuation of bulk materials

The main raw materials of the company's products are steel, copper, aluminum and plastics. If the prices of bulk raw materials fluctuate greatly, the related costs of the company will also change accordingly, which will have a certain impact on the company's operating performance.

4. Influence of trade friction and geopolitics

The company pays close attention to the impact of uncertain factors such as international trade friction and geopolitics on its global business.

In view of the above risks, combined with the industry situation in 2023 and the shortcomings in 2022, the company will focus on "one goal", closely follow "three main lines", solidly implement "four management systems" in 2023, unswervingly deepen marketing transformation to carry out work for business ideas, and make the layout of products, technologies and markets in advance, so as to make the company's products transform to high-end and intelligent, enrich the product line and build a comprehensive household appliance enterprise.

XII. In the report period, reception of research, communication and interview

√ Applicable □ Not applicable

Time	Location	Way	Reception object	Type	Main contents of the discussion and the information provided	Basic situation index of investigation
April 13,2022	Panorama network "investor relations interactive platform" (https://ir.p5w.net)	Other	Other	The shareholders and investors who participated in the interactive exchange at the 2021 annual business presentation of the Company	Holding a presentation on the 2021 annual business results and responding the questions that investors concerned	http://irm.cninfo.com.cn/ircs/company/companyDetail?stockcode=000521&orgId=gssz0000521
June 9,2022	#2 reference room of the company's multi-function center	Field research	Institute	Shenzhen Stock Exchange, Guoyuan Securities, Hua'an Securities, Panorama Network and other investors	Operation condition of the Company	http://irm.cninfo.com.cn/ircs/company/companyDetail?stockcode=000521&orgId=gssz0000521
November 15,2022	#2 reference room of the administrative center of the Company	Field research	Institute	Zhejiang Jing'an Investment Management Co., Ltd	Operation condition of the Company	http://irm.cninfo.com.cn/ircs/company/companyDetail?stockcode=000521&orgId=gssz0000521

IV. 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 Stocks on Shenzhen Stock Exchange and Shenzhen Stock Exchange Self-Regulatory Guidelines No.1- Standardized Operation of the Listed Companies on main Board of SSE, 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.

During the reporting period, the company revised and promulgated the Articles of Association, Rules of Procedure for the General Meeting of Shareholders, Rules of Procedure of the Board of Directors and Rules of Procedure for the Board of Supervisors, which further improved the standard operation and governance level of the Company. The overall situation of corporate governance meets the requirements of relevant national laws and regulations, and regulatory documents on corporate 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. All directors of the company have carried out the work in accordance with the Rules of Procedure for the Board of Directors and the Independent Director System, conscientiously attended the board meetings and the shareholders' meetings, exercised their powers in accordance with the law, performed their duties diligently, and actively participated in relevant training organized by the Shenzhen Stock Exchange and Anhui Securities Regulatory Bureau, the Listed Companies Association of Anhui, and have been familiar with relevant laws and regulations. Independent directors strictly abide by the Guiding Opinions on Establishing an Independent Director System in Listed Companies, the Independent Director System and other regulations, in line with a serious, diligent and loyal working attitude, based on an independent and prudent stand, actively participated in the company's decision-making, carefully considered various proposals, issued prior approval and independent opinions on related transactions and major issues, fully exerted the supervision and check and balance role of independent directors, and effectively safeguarded the interests of the company and all shareholders, especially the small and medium shareholders. The four special committees of strategy, remuneration and assessment, audit and nomination under the board of directors of the company have been responsible for the discussion, decision-making, supervision and evaluation of major work issues of the company according to the corresponding working rules of each departmental committee, and quality played an important role in the scientific decision-making and the improvement of decision-making efficiency and quality.

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. The tenth board of supervisors of the company has five supervisors, including two employee supervisors, the number and constitution of the board of supervisors meet the requirements of laws and regulations. All supervisors of the company can earnestly perform their duties in accordance with the requirements of the Rules of Procedure for the Board of Supervisors, supervise the decision-making procedures and resolutions of the board of directors and the legal operation of the company, review the regular reports prepared by the board of directors and put forward written review opinions, and effectively supervise and express independent opinions on the company's major events, related transactions, financial status, the legality and compliance of directors and senior executives' performance of duties by attending the general meeting of shareholders and the meeting of the board of directors from the perspective of safeguarding the legitimate rights and interests of the company and shareholders.

5. The performance appraisal and incentive and constraint mechanism

According to the *Articles of Association*, the Board of Directors of the company will decide to appoint or

dismiss the president, secretary of the Board of Directors and other senior management personnel of the company, and decide on their remuneration, rewards and punishments; According to the nomination of the president, decide to appoint or dismiss senior management personnel such as the company's vice president and financial officer, and decide on their remuneration, rewards and punishments. The performance evaluation of directors, supervisors, presidents and other senior management personnel shall be conducted by the Human Resources Department of the company on a daily basis, and by the Remuneration and Appraisal Committee of the company at the end of the year. The company has established and continuously improved fair and transparent performance evaluation standards and incentive and restraint mechanisms for directors, supervisors and senior management personnel. The appointment of company managers is open and transparent, in line with the relevant 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. In terms of safeguarding the interests of shareholders, the company treats all shareholders, especially the small and medium-sized shareholders equally, in strict accordance with relevant regulations, and ensures that all shareholders enjoy equal status and fully exercise their rights by regulating the convening, holding and voting procedures of the general meeting of shareholders.

In terms of maintaining employees' rights and interests, starting from the company's strategy and business development, it has continuously promoted and improved talent mechanisms such as talent reserve, learning and development, career planning and guidance, whole-process performance management, and salary incentive system, regularly evaluated and continuously monitored employees' engagement, satisfaction level and corporate culture evaluation index, continuously improved employees' concerns, given full play to employees' vitality, stimulated employees' potential, and realized employees' personal development goals while achieving organizational goals; In terms of safeguarding the interests of relevant parties, guided by the corporate values of "creating and sharing together", it has been committed to establishing a win-win cooperation model of common development and common growth with relevant parties, promoting and promoting two-way communication and information sharing based on the principle of equality and mutual benefit in cooperation, and constantly exploring the optimization of cooperation models such as management, personnel, cost and efficiency.

7. About information disclosure and transparency

During the reporting period, the company strictly complied with relevant provisions of the Listing Rules of Shenzhen Stock Exchange and the company's Information Disclosure Management System, strengthened the management of information disclosure affairs, actively fulfilled its information disclosure obligations, and designated Securities Times, China Securities Journal, Hong Kong Commercial Daily and Juchao Information Website (Juchao Website (www.cninfo.com.cn)) as the designated media for the company's information disclosure, implemented strict confidential procedures for material undisclosed inside information, and controlled the scope of informed personnel. The company earnestly fulfilled its obligations to disclose relevant information in a true, accurate, timely and complete manner, and ensured that all investors equally enjoy the right to know and

other legitimate rights and interests.

8. Investor relations management

During the reporting period, the Company continued to well ensure investor relations management, deepen communication and exchanges with investors, enhance investors' understanding and recognition of the company, and safeguard investors' legitimate rights and interests in accordance with the requirements of the Company's Investor Relations Management System and Reception and Promotion Work System. During the reporting period, the company communicated with investors through the "Hudongyi" platform of investor relations of Shenzhen Stock Exchange, fully listened to investors' opinions and suggestions, and earnestly protected the interests of small and medium-sized investors; well ensured answering and replying investors' visits and calls, as well as receiving and replying faxes and e-mails, and treated media reports with caution; In order to help investors further understand the company's operating performance and financial condition, the company organized the 2021 online performance briefing and achieved good results, which helped investors to understand the listed companies more comprehensively and enhanced the transparency of the company; It held the Anhui Investor Service Week of Shenzhen Stock Exchange - Entering the Listed Companies, which further broadened the communication channels of investors, earnestly safeguarded the legitimate rights and interests of investors, and constantly promoted and improved the management level of investor relations in the company.

ii) Whether there are significant differences between the actual state of corporate governance and laws, administrative regulations and the provision with governance concerned for listed companies issued by CSRC

Yes No

There are no significant differences between the actual state of corporate governance and laws, administrative regulations and the provision with governance concerned for listed companies issued by CSRC

II. Independence of the Company relative to controlling shareholder and the actual controller in ensuring the Company's assets, personnel, finance, organization and businesses

The Company totally separated in business, personnel, assets, institutions and financial aspects from Sichuan Changhong (controlling shareholder) and actual controller State-owned Assets Supervision & Administration Commission of Mianyang Municipality, 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

(i) 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 2022	Extraordinary General Meeting	6.0286%	January 5,2022	January 6,2022	www.cninfo.com.cn(Announcement No.:2022-002)
AGM of 2021	AGM	31.9056%	April 28,2022	April 29,2022	www.cninfo.com.cn(Announcement No.:2022-033)
Second Extraordinary General Meeting of 2022	Extraordinary General Meeting	31.9478%	January 29,2022	June 30,2022	www.cninfo.com.cn(Announcement No.:2022-049)
Third Extraordinary General Meeting of 2022	Extraordinary General Meeting	31.9483%	August 19,2022	August 20,2022	www.cninfo.com.cn(Announcement No.:2022-066)
Fourth Extraordinary General Meeting of 2022	Extraordinary General Meeting	31.7693%	December 22,2022	December 23,2022	www.cninfo.com.cn(Announcement No.:2022-100)

(ii) Request for extraordinary general meeting by preferred stockholders whose voting rights restore

Applicable Not applicable

V. Directors, supervisors and senior officers

(i) Basic information

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-begin (share)	Number of shares increased in this period (share)	Number of shares decreased in this period (share)	Other changes (share)	Shares held at period-end (share)	Reasons for increase or decrease of shares
Wu Dinggang	Chairman	In office	Male	50	July 3,2014	October 12,2023	570,500	0	0	0	570,500	Not applicable
Zhong Ming	Director, President	In office	Male	50	December 30,2013	October 12,2023	236,175	0	0	0	236,175	Not applicable
Yong Fengshan	Director	In office	Male	54	September 12,2017	October 12,2023	0	0	0	0	0	Not applicable
Kou Huameng	Director, Deputy president	In office	Male	53	July 3,2014	October 12,2023	0	0	0	0	0	Not applicable
Hu Zhaogui	Director, Deputy president	In office	Male	49	June 21,2018	October 12,2023	178,050	0	0	0	178,050	Not applicable
Zhao Qilin	Director	In office	Male	47	December 23,2021	October 12,2023	0	0	0	0	0	Not applicable
Hong yuanjia	Independent director	In office	Male	47	October 12,2020	October 12,2023	0	0	0	0	0	Not applicable
Mou Wen	Independent director	In office	Female	56	October 12,2020	October 12,2023	0	0	0	0	0	Not applicable
Zhao Gang	Independent director	In office	Female	44	October 12,2020	October 12,2023	0	0	0	0	0	Not applicable
Shao Min	Chairman of Supervisory	In office	Male	40	September 12,2017	October 12,2023	0	0	0	0	0	Not applicable
He Xintan	Supervisor	In office	Male	42	September 12,2017	October 12,2023	0	0	0	0	0	Not applicable
Huang Hong	Supervisor	In office	Female	52	September 12,2017	October 12,2023	0	0	0	0	0	Not applicable
Ji Ge	Staff supervisor	In office	Female	41	December 25,2017	October 12,2023	0	0	0	0	0	Not applicable

Sun Hongying	Staff supervisor or	In office	Female	51	March 30,2021	October 12,2023	0	0	0	0	0	Not applicable
Liu Hongwei	Executive deputy president	In office	Male	59	June 20,2011	October 12,2023	1,689,893	0	0	0	1,689,893	Not applicable
Huang Danian	Deputy president	In office	Male	53	September 12,2017	October 12,2023	356,450	0	0	0	356,450	Not applicable
Tang Youdao	Deputy president	In office	Male	52	March 29,2021	October 12,2023	0	0	0	0	0	Not applicable
Pang Haitao	CFO (person in charge of finance)	In office	Male	47	October 25,2017	October 12,2023	0	0	0	0	0	Not applicable
Li Xia	Secretary of the Board	In office	Female	42	May 22,2009	October 12,2023	552,800	0	138,200	0	414,600	Reduce holdings due to the need for own funds
Total	--	--	--	--	--	--	3,583,868	0	138,200	0	3,445,668	--

1. During the reporting period, whether there was any departure of directors and supervisors and dismissal of Senior Officers

Yes No

2. Changes of directors, supervisors and senior executives

Applicable Not applicable

(ii) Post-holding**1. 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., ZhongkeMeiling 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 ZhongkeMeiling 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, Chairman of Zhongshan MeilingWulian Technology Co., Ltd., Director of Sichuan Changhong Air-conditioning Co., Ltd., and Director of Zhongke Meiling Low Temperature Technology Co., Ltd.

(3) Yong Fengshan, male, Han nationality, was born in Ding yuan, 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 deputy general manager and chief accountant of Hefei Meiling Group Holding Co., Ltd., the secretary of the party committee and the GM and the president of Hefei Industrial Investment Holdings Co., Ltd. Currently he serves as the secretary of the party committee and the president of Hefei Industry Investment Holding (Group) Co., Ltd., the secretary of the party committee and the GM and the president of Hefei Industrial Investment Holdings Co., Ltd., chairman of Hefei State-owned Assets Holding Co., Ltd., the president of CAS (Hefei) Institute of Technology Innovation Co., Ltd., chairman of Hefei Venture Capital Guiding Fund Co., Ltd., director of Anhui Jianghuai

Automobile Co., Ltd., chairman of Hefei Kechuang Group Co., Ltd., chairman of Hefei Talent Development Group Co., Ltd. and the director of the Company.

(4) Zhao Qilin, male, Han nationality, born in September 1975, graduated from Southwestern University of Finance and Economics with a bachelor's degree in rural finance, and served as accountant of the financial department, investment project manager, asset management manager of asset management department, manager of investment management department, and securities affairs representative of Sichuan Changhong Electric Co., Ltd.; financial manager of Sichuan Changhong Innovation Investment Co., Ltd.; chief financial officer and joint company secretary of Changhong Jiahua Holdings Co., Ltd.. He currently serves as secretary of the board, general counsel, office director of the board of directors, and director of the asset management department of Sichuan Changhong Electric Co., Ltd., director of Anjian Holdings Co., Ltd., director of Sichuan Changhong Innovation Investment Co., Ltd. and the director of the Company.

(5) 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 ChanghongHuayi Compressor Co., Ltd.; now he serves as director and deputy president of the Company.

(6) 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.

(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 SanchengHongji (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., MianyangFulin 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) 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 accountant and 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, manager of Assets Operation Division of Assets Management Dept, deputy director and director of the Assets Management Dept. of Sichuan Changhong Electric Co., Ltd. He currently serves as the head of Capital Operation Dept. of Sichuan Changhong Electric Co., Ltd., director of ChanghongHuayi Compressor Co., Ltd., director of Sichuan Changhong New Energy Technology Co., Ltd., and the chairman of the Board of Supervisors of the Company.

(11) 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, He has successively served as the Operation Management Director of the Operation Management Department of Sichuan Changhong Electric Appliance Co., Ltd., the Manager of the General Management Department, the Director of the Development Management Department of Sichuan Changhong Electric Appliance Co., Ltd., the Director of Changhong Huayi Compressor Co., Ltd., and the General Manager Assistant of Sichuan Changhong Electric Appliance Co., Ltd., and currently holds positions such as the General Manager of Zhongjiu Flash Medical Technology Co., Ltd., and the Supervisor of the Company.

(12) 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.

(13) 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 head of director office and risk control compliance dept and staff supervisor of the Company.

(14) Sun Hongying, female, Han nationality, native of Tongcheng, Anhui, born in March 1972, member of the Communist Party of China, master degree, intermediate accountant, graduated from Hefei University of Technology with a major in accounting. She successively served as deputy director of the cost center, director of the financial department of the refrigerator business division, and deputy director of the financial management department of Changhong Meiling Co., Ltd.. She currently serves as employee supervisor and deputy director of the refrigerator and freezer division of the finance and economics department of the Company.

(15) 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 joined the Hefei Meiling Co., Ltd. in 2007, now he serves as executive deputy president of the Company.

(16) Huang Danian, male, Han nationality, was born in Huaining, Anhui in November 1969, a member of the Communist Party of China, a senior 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, head of budget management dept., and the assistant to the general manager of Sales Company of Hefei Meiling Co., Ltd. He is now the vice president of the Company.

(17) Tang Youdao, male, Han nationality, was born in Xuancheng, Anhui in July 1970, a undergraduate degree and graduated from Wuhan University of Technology, majoring in industrial management engineering. He held jobs successively as overseas marketing manager, head of marketing dept., head of overseas marketing dept. and general manager of overseas business division under the name of Hefei Meiling Co., Ltd. Currently vice president and general manager of overseas refrigerator/washing machine division of the Company.

(18) 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.

(20) 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, secretary of discipline inspection commission and general counsel of the Company recently.

2. 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	2019.01.11	2023.06.29	Y
Yong Fengshan	Hefei Industry Investment Holding (Group) Co., Ltd.	Party Secretary, Chairman	2015.02	-	Y
ZhaiQilin	Sichuan Changhong Electric Co., Ltd.	Secretary of the Board of Directors	2020.12.16	2023.06.29	Y
		General counsel	2022.02.14	2023.06.29	N
		Chief Compliance Office	2022.11.25	2023.06.29	N
Post-holding in shareholder's unit		N/A			

3. 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.	Chairman	2021.01.25	-	N
	Lejiayi Chain Management Co., Ltd.	Chairman	2019.04.25	-	N
	Sichuan Kuaiyidian Electrical Service Chain Co., Ltd.	Chairman	2019.06.10	-	N
	Mianyang Kuaiyidian Electric Appliance Service Chain Co., Ltd.	Chairman	2022.11.04	-	N
Zhong Ming	Sichuan Kuaiyidian Electric Appliance Service Chain Co., Ltd.	Director	2022.03.15	-	N
Yong Fengshan	Hefei Venture Capital Guidance Fund Co., Ltd.	Chairman	2015.04	-	N
	CAS (Hefei) Technical Innovation Engineering Institute Co., Ltd.	Chairman	2015.04	2022.11	N
	Hefei State-owned Assets Holding Co., Ltd.	Chairman	2015.04	-	N
	Hefei Industry Investment Holding Co., Ltd.	Chairman, General Manager, Secretary of the Party Committee	2008.06	-	N
	Anhui Jianghuai Automobile Group Co., Ltd.	Director	2018.07.20	2025.05.30	N
	Hefei Kechuang Group Co., Ltd.	Chairman	2021.05	-	N
	Hefei Talent Development Group Co., Ltd.	Chairman	2022.01	-	N
Zhao Qilin	Sichuan Changhong Innovation Investment Co.,	Director	2021.01.21	-	N

	Ltd.				
	WIDEMIRACLELIMITED	Director	2014.07.14	-	N
	Ganghong Industrial Co., Ltd.	Director	2013.06.18	-	N
	SUFFICIENTVALUEGROUPLIMITED	Director	2013.06.18	-	N
	ChanghongJiahua (Hong Kong) Information Products Co., Ltd.	Director	2021.01.08	-	N
	Anjian Holdings Co., Ltd.	Director	2012.01.19	-	N
	Guangzhou Huanwang Technology Co., Ltd.	Director	2022.04.23		N
	Changhong Jiahua Holdings Co., Ltd.	Director	2023.03.17	-	N
Hu Zhaogui	Lejiayi Chain Management Co., Ltd.	Director	2018.01.23	-	N
	Sichuan Zhiyijia Network Technology Co., Ltd.	Director	2019.07.25	-	N
	Hong Yuan Ground Energy Heat Tech. Co., Ltd.	Vice Chairman	2017.12.27	-	N
	Sichuan TianyouGuigu Technology Co., Ltd.	Director	2018.01.16	-	N
	Chengdu Guigu Environmental Tech. Co., Ltd.	Director	2018.06.30	-	N
Hong Yuanjia	Yiluo Technology(Shanghai) Co., Ltd.	CFO of Asia pacific	2014.06	-	Y
Mou Wen	Business School of Sichuan University	Associate professor, master tutor	1995.02	-	Y
	MianyangFulin Precision Machinery Co., Ltd.	Independent director	2017.06.23	2023.06.30	Y
	Sichuan Junyi Digital Technology Co., Ltd.	Independent director	2021.07.01	2024.06.30	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
Shao Min	ChanghongHuayi Compressor Co., Ltd.	Director	2021.02.25	2024.05.12	N
	Sichuan Changhong New Energy Technology Co., Ltd.	Director	2018.05.10	2024.12.19	N
	Sichuan Changhong Gerun Environmental protection Technology Co., Ltd.	Director	2018.01.01	2025.02.09	N
	Sichuan Changhong Electronics Holding Group Co., Ltd.	Head of Capital Operation Dept.	2021.03.01	-	Y
He Xintan	Zhongjiu Flash Medical Technology Co., Ltd	president	2023.03.21	-	Y
Huang Hong	Sichuan Changhong Electronics Holding Group Co., Ltd.	Deputy Director of Audit Department	2011.09.16	-	Y
Pang Haitao	Hefei Xingmei Asset Management Co., Ltd.	Director	2018.02.05	-	N
Post-holding in other unit		N/A			

4. 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

(iii) Remuneration of directors, supervisors and senior executives

1. 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:

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.

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

According to the company's basic salary system, combined with the industry salary level and salary orientation, following the salary management concept of "post value reflected and performance-oriented", giving full play to the incentive function of salary, closely combining employee compensation with the company's overall performance, according to the company's performance management rules, the annual performance evaluation on the work of senior management personnel is carried out, and the performance salary is cashed according to the performance evaluation results.

(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 19 in total up to 31 December 2022, actually 13 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 2022 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 of the reward and punishment; review the performance of duties of the company's senior management and conduct the annual performance appraisal.

2. Remuneration for directors, supervisors and senior executives in reporting period

In RMB 10,000

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	Male	50	In Office	0	Yes
Zhong Ming	Director, President	Male	50	In Office	70.43	Yes
Yong Fengshan	Director	Male	54	In Office	0	Yes
Kou Huameng	Director, Deputy president	Male	53	In Office	43.37	No
Hu Zhaogui	Director, Deputy president	Male	49	In Office	150.24	No
Zhao Qilin	Director	Male	47	In Office	0	Yes

Hong yuanjia	Independent director	Male	47	In Office	11.90	No
Mou Wen	Independent director	Female	56	In Office	11.90	No
Zhao Gang	Independent director	Male	44	In Office	11.90	No
Shao Min	Chairman of Supervisory	Male	40	In Office	0	Yes
He Xintan	Supervisor	Male	42	In Office	0	Yes
Huang Hong	Supervisor	Female	52	In Office	0	Yes
Ji Ge	Staff supervisor	Female	41	In Office	40.84	No
Sun Hongying	Staff supervisor	Female	51	In Office	46.08	No
Liu Hongwei	Executive deputy president	Male	59	In Office	102.75	No
Huang Dalian	Deputy president	Male	53	In Office	50.55	No
Tang Youdao	Deputy president	Male	52	In Office	136.50	No
Pang Haitao	CFO (person in charge of finance)	Male	47	In Office	46.19	No
Li Xia	Secretary of the Board	Female	42	In Office	44.44	No
Total	--	--	--	--	767.09	--

VI. Responsibility performance of directors during the reporting period

(i) The board of directors during the reporting period

Session of meeting	Date of meeting	Disclosure date	Meeting resolutions
The 16 th session of 10 th BOD	March 29,2022	March 31,2022	Totally 27 proposals including Report on Works of BOD for year of 2021, Annual Report of 2021 and Its Summary and Financial Statement Report for year of 2021 are deliberated and approved in the Meeting, for details, please refer to the "Resolution Notice of the 16 th session of 10 th BOD" (No. 2022-012) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 17 th session of 10 th BOD	April 19,2022	April 20,2022	Totally 4 proposals including The Q1 Report of 2022, Provision for Credit Losses and Provision for Decline in Value of Inventories are deliberated and approved in the Meeting, for details, please refer to the "Resolution Notice of the 17 th session of 10 th BOD" (No. 2022-028) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 18 th session of 10 th BOD	May 17,2022	May 18,2022	Totally 8 proposals including, The board of directors deliberated and passed the proposal on providing overseas loan with onshore guarantee to overseas holding subsidiaries, On the holding subsidiary to publicly issue shares to non-specific qualified investors and listing on the Beijing Stock Exchange and proposal on the company applying for the maximum credit line of RMB 400 million from the Hefei Branch of China Minsheng Bank Co., Ltd., please refer to the "Resolution Notice of the 18 th session of 10 th BOD" (No. 2022-036) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 19 th session of 10 th BOD	June 13,2022	June 14,2022	Totally 5 proposals including Amend Some Article of the Article of Association, Amend Some Articles of Rules of Procedure for Shareholders General Meeting are deliberated and approved in the Meeting, for details, please refer to the "Resolution Notice of the 19 th session of 10 th BOD" (No. 2022-042) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 20 th session of 10 th BOD	July 11,2022	July 13,2022	Totally 1 proposals including Proposal on the company and its subsidiaries to participate in the establishment of industrial investment funds and related transactions are deliberated and approved in the Meeting, for details, please refer to the "Resolution Notice of the 20 th session of 10 th BOD" (No. 2022-051) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 21 st session of 10 th BOD	August 2,2022	August 3,2022	Totally 4 proposals including Proposal on Approving Holding Subsidiaries to Publicly Issue Stocks to Unspecified Qualified Investors and Listing on the Beijing Stock Exchange" and "Proposal on Agreeing Holding Subsidiaries to Adjust Public Issuance of Stocks to Unspecified Qualified Investors and Listing on the Beijing Stock Exchange" are deliberated and approved by The Board of Directors in the Meeting, for details, please refer to the "Resolution Notice of the 21 st session of 10 th BOD" (No. 2022-056) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 22 nd session of 10 th BOD	August 16,2022	August 18,2022	Totally 8 proposals including Semi-Annual Report (Full-text) of 2022 and its Summary, Provision for Credit Losses and Provision for Decline in Value of Inventories are deliberated and approved in the Meeting, for details, please refer to the "Resolution Notice of the 22 nd session of 10 th BOD" (No. 2022-062) on the cninfo website (Juchao Website (www.cninfo.com.cn)).

			Website (www.cninfo.com.cn)).
The 23rd session of 10 th BOD	September 5,2022	September 7,2022	Totally 1 proposal including "Proposal on Issuing <Commitment on Trademark Licensing> to Holding Subsidiaries" is deliberated and approved by The Board of Directors in the Meeting, please refer to the "Resolution Notice of the 23rd session of 10 th BOD" (No. 2022-068) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 24 th session of 10 th BOD	September 7,2022	September 8,2022	Totally 1 proposal including "Proposal on the Company's Donation to the Luding Earth quake-stricken Area". is deliberated and approved by The Board of Directors in the Meeting, please refer to the "Resolution Notice of the 24th session of 10 th BOD" (No. 2022-069) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 25 th session of 10 th BOD	October 24,2022	October 25,2022	Totally 18 proposals including The Q3 Report of 2022, Provision for Credit Losses, Provision for Decline in Value of Inventories and Disposal of Non-Current Assets are deliberated and approved in the Meeting, for details, please refer to the "Resolution Notice of the 25 th session of 10 th BOD" (No. 2022-078) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 26 th session of 10 th BOD	November 25,2022	November 26,2022	Totally 1 proposal including "Proposal on the Company's Appointment of the Chief Compliance Officer". is deliberated and approved by The Board of Directors in the Meeting, for details, please refer to the "Resolution Notice of the 26 th session of 10 th BOD" (No. 2022-087) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 27 th session of 10 th BOD	December 6,2022	December 7,2022	Totally 10 proposals including "Proposal on Expecting Daily Related Transactions in 2023", "Proposal on Expecting Continued Related Transactions between the Company and its Subsidiaries and Sichuan Changhong Group Finance Co., Ltd. and the Proposal on the Credit Guarantee Line Provided by Holding Subsidiaries" are deliberated and approved by The Board of Directors in the Meeting, for details, please refer to the "Resolution Notice of the 27 th session of 10 th BOD" (No. 2022-087) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 29 th session of 10 th BOD	December 16,2022	December 17,2022	Totally 1 proposals including <i>Increase in Expected Routine Related Transactions for 2022</i> are deliberated and approved in the Meeting, for details, please refer to the "Resolution Notice of the 29 th session of 10 th BOD" (No. 2022-097) on the cninfo website (Juchao Website (www.cninfo.com.cn)).

(ii) The attending of directors to Board meetings and shareholders general meeting

The attending of directors							
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
Wu Dinggang	14	2	12	0	0	N	3
Zhong Ming	14	2	12	0	0	N	4
Yong Fengshan	14	0	14	0	0	N	0
Kou Huameng	14	2	12	0	0	N	5
Zhao Qilin	14	1	13	0	0	N	0
Hu Zhaogui	14	1	13	0	0	N	0
Hong yuanjia	14	1	13	0	0	N	1
Mou Wen	14	2	12	0	0	N	4
Zhao Gang	14	1	13	0	0	N	1

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

During the reporting period, none of the directors failed to attend two consecutive Board Meeting in person.

(iii) Objection for relevant events from directors

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

Yes No

Directors has no objections for relevant events in reporting period

(iv) Other explanation about responsibility performance of directors

Whether the opinions from directors have been adopted or not

Yes No

During the reporting period, the directors of the company strictly followed the Company Law, the Securities Law, the Listing Rules of Shenzhen Stock Exchange, and the Self-Discipline Supervision Guidelines for Listed Companies of Shenzhen Stock Exchange No. 1 - Standardized Operation of Main Board Listed Companies" and other laws and regulations, actively attended the company's board meetings and the company's general meeting of shareholders, performed duties conscientiously and diligently, made prudent and scientific decisions on various matters reviewed by the company's board meetings, and all their professional suggestions on the company's major decisions have been adopted .

VII. The special committees under the board during the reporting period

Committee name	Members	Number of meetings held	Date of meeting	Meeting content	Important comments and suggestions made	Other performance of duties	Specific circumstances of the objection (if applicable)
Strategy Committee	Wu Dinggang, Zhong Ming, Yong Fengshan, Kou Huameng, Zhao Qilin, Hu Zhaogui, Zhao Gang	2	March 19,2022	A total of one proposal was deliberated on the Proposal on the Company's Development Plan in 2022.	The proposal was deliberated and passed and agreed to be submitted to the board of directors of the company for consideration.	Not applicable	N/A
			July 8,2022	A total of 1 proposal was deliberated on the Proposal of the Company and its subsidiaries to Participate in the Establishment of Industrial Investment Funds and Related Transactions.	The proposal was deliberated and passed and agreed to be submitted to the board of directors of the company for consideration.	Not applicable	N/A
Audit Committee	Hong Yuanjia, Mou Wen, Zhao Gang	6	January 25,2022	Two proposals were deliberated, namely, the Company's 2021 Financial Accounting Statement and Internal Control Audit Schedule and the Company's 2021 Unaudited Financial Accounting Statement.	All proposals were deliberated and passed.	Not applicable	N/A
			March 4,2022	A total of 1 proposal was deliberated, namely the First Draft of the Audit of the Company's Financial Accounting Statements in 2021.	The proposal were deliberated and passed	Not applicable	N/A
			March 28,2022	Six proposals were deliberated, namely the Audited Financial Accounting Report of the Company in 2021, Audit Report on Internal Control in 2021, Summary Report on the Company Audit Work by ShineWing Certified Public Accountants in 2021, Proposal on Renewing the	All the proposals were deliberated and passed, and five proposals were agreed to be submitted to the Board of Directors for deliberation, namely, the Audited Financial Accounting Report of the Company in 2021, Audit Report on Internal Control in 2021, the Proposal on Renewing the Appointment of the Financial Report, Internal Control Auditing Organization and Payment of Remuneration in 2022, the	Not applicable	N/A

				Appointment of the Financial Report, Internal Control Auditing Organization and Payment of Remuneration in 2022, Proposal on Changes of the Company's Accounting Policy and Proposal on the Company's Forward Foreign Exchange Fund Trading Business.	Proposal on Changes of the Company's Accounting Policy and Proposal on the Company's Forward Foreign Exchange Fund Trading Business.		
			April 15,2022	A total of 1 proposal was deliberated, namely the Financial Statement of the Company for the First Quarter of 2022.	The proposal was deliberated and passed and agreed to be submitted to the board of directors of the company for consideration.	Not applicable	N/A
			August 6,2022	A total of 1 proposal was deliberated, namely the Semi-annual Financial Report of the Company in 2022	The proposal was deliberated and passed and agreed to be submitted to the board of directors of the company for consideration.	Not applicable	N/A
			October 15,2022	A total of 1 proposal was deliberated, namely the Financial Statement of the Company for the Third Quarter of 2022.	The proposal was deliberated and passed and agreed to be submitted to the board of directors of the company for consideration.	Not applicable	N/A
Nomination Committee	Wu Dinggang, Mou Wen, Hong Yuanjia, Zhao Gang	1	November 23,2022	A total of 1 proposal was deliberated, namely the Proposal of the Board of Directors of the Company on Examining the Qualification of the Chief Compliance Officer to be Appointed.	The proposal was deliberated and passed and agreed to be submitted to the board of directors of the company for consideration.	Not applicable	N/A
Remuneration and Appraisal Committee	Wu Dinggang, Zhao Gang, Mou Wen, Hong Yuanjia	2	March 19,2022	It deliberated the remuneration assessment and payment of directors and senior management of the company in 2021.	It deliberated and passed the remuneration assessment of directors and senior management personnel and agreed to submit it to the Board of Directors of the company for deliberation.	Not applicable	N/A

VIII. 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

IX. Staff of the Company

(i) Numbers, professional structure and education background

On-job employee in parent company at period-end (people)	4,055
On-job employee in main subsidiary at period-end(people)	10,267
Total on-job employees at period-end(people)	14,322
Current total payroll(people)	14,322
Number of retired employees with expenses paid by the parent company and main subsidiary (people)	93
Professional structure	
Types of professional category	Numbers of professional category (people)

Production staff	7,605
Salesman	3,963
Technician	1,891
Financial staff	278
Administration staff	585
Total	14,322
Education background	
Type of education background	Numbers (people)
High school and below	9,582
Junior college	1,972
Undergraduate	2,576
Master and above	192
Total	14,322

(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.

The company continued to promote the performance growth index system (GPI), defined the direction of employee performance growth and progress, effectively encouraged employees to take the initiative to find gaps and fill shortcomings, and continuously improved their professional ability and work efficiency. At the same time, based on the growth level of employees, it has established a remuneration mechanism that is suitable for it, and optimized the post value evaluation and remuneration adjustment mechanism to enhance the internal fairness and external competitiveness of the company's remuneration and strengthen the salary concept of "post value reflected and performance-oriented". In order to promote the achievement of each unit's performance, this year, the company will further optimize and adjust the incentive system, strengthen the quantitative embodiment of operating results and incremental value, and design differentiated incentive schemes according to the characteristics of different business units with consideration of system balance, so as to realize the effectiveness of positive guidance and effectively stimulate the business vitality of each business unit.

During the reporting period, the company further optimized the position promotion evaluation and employment mechanism, improved the position system and the promotion channels in sequence, and further stimulated the team's vitality through the integrating system evaluation and employment, performance growth system and other mechanisms, and matched the dynamic adjustment of remuneration; continued to promote the application of performance management in the whole process, optimized the application of performance communication and feedback information methods, strengthened the application of performance results in cadre promotion and demotion, talent selection, salary adjustment and year-end evaluation, and encouraged employees to develop together with the company.

(iii) Training plans

The company aimed at creating a learning organization, continuously optimized training and talent development, and built talent standards and competency models of each sequence based on the company's annual talent development and training program; built Meiling online learning system and knowledge asset management

system to extract and precipitate internal experience and ability; organized the implementation of internal and external special precision training programs; carried out projects such as learning map and talent structure optimization, and gradually formed a growth mechanism that combined training with employee growth and career development.

1. Further develop the mechanism of selecting, educating, using and retaining reserve talents. The company has established a clear talent standard evaluation model to complete the talent standards for management positions, supervisor-level positions and various professional positions in all sequences; established a succession map of talents in key positions in each sequence, and clarified the current situation of the existing talent team and the succession system of different types of talents in the future. The company focused on optimizing the echelon structure of the "Yongquan Plan" talent reserve, and optimized and adjusted the echelon structure of middle and senior reserve cadres, A-class reserve successors, A-class reserve learning, B-class reserve supervisors, excellent college students and other talents through the selection of young reserve cadres who were born after 1990 and the regular review and evaluation of reserve talents in the library. At the same time, based on the needs of future business development, it reserved talents appropriately in advance to realize dynamic management of talents.

2. Accurate training, to improve the training effect. Based on the needs of business development, it has built a multi-level and multi-category talent training system. On the one hand, it improved the training enthusiasm and professional ability of the trainees through activities such as project integrating system and industry exchange; on the other hand, it introduced external training courses and internal course development to effectively promote the precision training program in view of the common shortcomings of the team and shortcomings of personal ability; According to the professional ability of key positions in the professional level, it built a learning map and defined the map of growing professional routes; At the same time, it established the training organization guarantee system, and built the company's classified and graded talent training system. Through career planning analysis, course orientation promotion, node control, project review, training examination and other ways, it guided the vertical (promotion) and horizontal (multi-skilled workers, rotation) all-round development effectively, and achieved the training effect and talent promotion gradually.

3. Enrich the company's internal knowledge asset management system, redefine the company's intellectual assets standards and organizational guarantee system. On the one hand, it continued to supplement and update the teaching materials of Meiling's knowledge assets library on technology, management, manufacturing, quality, safety and environmental protection; On the basis of "internal trainer certification system" and "benchmarking post knowledge extraction project", optimized the professional series of live courses, internalized the company's standard talent knowledge base and carried on the inheritance and influence; On the other hand, it carried out the learning map project, and designed the learning map through the process, structure, finance and other sequences, so as to closely connect the qualifications of specific positions with the learning map, and to combine the talent development with the learning development organically, and to promote the scientific, systematic and efficient training of professionals in each sequence position of the company.

(iv) Labor outsourcing

Applicable Not applicable

X. Profit distribution plan and capitalizing of common reserves plan

(i) Formulation, Implementation and Adjustment of 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.

During the reporting period, the company implemented the annual profit distribution plan for 2021, that is, based on the total share capital of 1,029,923,715 shares on date of record at the time of implementing the 2021 annual equity distribution plan (including 881,733,881 shares of A shares and 148,189,834 shares of B shares), the company distributed a cash dividend of RMB 0.5 (including tax) for every 10 shares to all shareholders, with a total cash dividend of RMB 51,496,185.75.

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) The Company is profitable during the reporting period and the parent company has positive profit available for distribution to shareholders without cash dividend distribution plan proposed

Applicable Not applicable

(iii) 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)	0.9
Shares added for every 10-share base (Share)	0
Equity base of distribution plan (Share)	1,029,923,715
Total cash dividend (RMB) (Tax included)	92,693,134.35
Cash dividend for other ways (i.e. repurchased) (RMB)	737,197.77

Total cash dividend (including other way) (RMB)	93,430,332.12
Profits available for distribution (RMB)	909,082,037.66
Ratio of cash dividend (including other way) in total profit distribution	100%
Cash dividend	
Taking the total share capital on the equity registration date of the company's on December 31, 2022 as the base, distribute cash dividends of 0.9 yuan (tax included) for every 10 shares to all shareholders, not giving bonus shares, and not converting capital reserve in to equity.	
Detail explanation on profit distribution or capitalization from capital public reserve	
<p>In 2022, the company's parent company realized a net profit of RMB 180,902,350.76 in individual statements. According to relevant regulations, the undistributed profit at the beginning of this year is RMB 952,820,937.05, after deducting the annual profit of RMB 51,496,185.75 in 2021 allocated in that year and drawing the statutory surplus reserve of RMB 18,090,235.08, the accumulated undistributed profit in individual statements of the parent company at the end of 2022 is RMB 1,064,136,866.98. In addition, in 2022, the net profit attributable to the owner of the parent company in the consolidated statement of the company was RMB 244,538,734.49. According to the relevant regulations, the undistributed profit at the beginning of this year is RMB 734,129,724.00 in the consolidated statement, and the accumulated undistributed profit at the end of 2022 is RMB 909,082,037.66 after deducting the annual profit of RMB 51,496,185.75 in 2021 and drawing the statutory surplus reserve of RMB 18,090,235.08.</p> <p>According to the relevant regulations, the company's profit distribution shall be based on the distributable profits of the parent company, and according to the principle of distributing the accumulated undistributed profits in the consolidated statement and the parent company statement. Therefore, the profit available for distribution in 2022 is the accumulated undistributed profit of RMB 909,082,037.66 in the consolidated statement at the end of 2022.</p> <p>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: The Company distributed a cash dividend of RMB 0.9 (including tax) for every 10 shares to all shareholders based on the total share capital of 1,029,923,715 shares on December 31, 2022, with no bonus or conversion of reserve fund into share capital. It is expected to distribute a cash dividend of RMB 92,693,134.35. After this distribution, it is estimated that the remaining accumulated undistributed profit of the parent company is RMB 971,443,732.63, and the remaining undistributed profit will be carried forward to the next year for distribution.</p>	

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

Applicable Not applicable

The Company has no equity incentive plan, employee stock ownership plans or other employee incentives.

XII. Construction and implementation of internal control system during the reporting period

(i) Construction and implementation of internal control

In accordance with the Basic Norms for Enterprise Internal Control and its supporting guidelines, and the Information Disclosure Compilation Rules for Companies Publicly Issuing Securities No. 21 - General Provisions

on Annual Internal Control Evaluation Reports jointly issued by the China Securities Regulatory Commission and the Ministry of Finance and other relevant regulations, and combined with the Company's internal control system and internal control evaluation methods, the company organized its internal control work, effectively implemented internal control, and continuously improved and optimized the company's internal control system so as to adapt to the needs and changes of the internal and external environment.

The company's 2022 Annual Internal Control Self-Assessment Report fully, truly and accurately reflected the actual situation of the company's internal control. The units, businesses and matters included in the assessment scope, as well as high-risk areas, covered the main aspects of the company's operation and management, and the company maintained effective internal controls in high-risk areas and in all material aspects. During the reporting period, the company had no major defects and significant defects in internal control.

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

Yes No

XIII. Management and controls on the subsidiary during reporting period

Name of company	Integration plan	Integration progress	Problems encountered in integration	Actions taken	Resolve progress	Follow-up resolution plan
Not applicable	-	-	-	-	-	-

XIV. Internal control self-assessment report or internal control audit report

(i) Appraisal Report of Internal Control

Date of evaluation report of internal control disclosed (Full-text)	March 31,2023	
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	99.85%	
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	100.00%	
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	<p>1. Material defect: 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> <p>1. inefficiency of environment control;</p> <p>2. fraud of directors, supervisors and senior management;</p> <p>3. The external auditor finds material wrong reporting in current financial statement, while the Company has not found such reporting during its operation;</p> <p>4. The material defect identified and reported to the management fails</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> <p>1. breach of national laws, regulations or regulatory documents;</p> <p>2. procedure for making significant decisions is not scientific;</p> <p>3. absence of system may lead to invalid system;</p>

	<p>to be rectified in a reasonable time period;</p> <p>5. The audit committee and audit department of the Company exercise invalid supervision upon internal control;</p> <p>6. Other defects which may affect financial statement users to make correct judgment.</p> <p>2. Major defect: 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> <p>(1) Financial losses caused by guaranteeing and investing in securities and financial derivatives transactions and disposing property right and stock right without authorization;</p> <p>(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;</p> <p>(3) Punishment or severely negative impacts on the company's image due to the bias implementation of the policy or accounting errors, etc.;</p> <p>(4) Financial losses caused by destroying, concealing, or altering the important original evidences at will, such as invoices and checks, etc.</p> <p>(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.</p> <p>3. General defect: other internal control related defects that do not constitute material defects or major defect.</p>	<p>4. Material or major defects are not likely to rectify;</p> <p>5. Large negative effects on the company and disclosed in the form of announcement;</p> <p>6. Other issues that materially affect the Company.</p>
<p>Quantitative standard</p>	<p>1. Proportion of potential wrong reporting in total operating income: Material defect: wrong reporting $\geq 0.5\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.5\%$; General defect: wrong reporting $< 0.1\%$.</p> <p>2. Proportion of potential wrong reporting in total profit: Material defect: wrong reporting $\geq 10\%$; Major defect: $5\% \leq$ wrong reporting $< 10\%$; General defect: wrong reporting $< 5\%$.</p> <p>3. Proportion of potential wrong reporting in total assets: Material defect: wrong reporting $\geq 0.5\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.5\%$; General defect: wrong reporting $< 0.1\%$.</p> <p>4. Proportion of potential wrong reporting in total owners' equity: Material defect: wrong reporting $\geq 0.5\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.5\%$; General defect: wrong reporting $< 0.1\%$.</p>	<p>1. Proportion of direct property loss in total operating income: Material defect: wrong reporting $\geq 0.1\%$; Major defect: $0.05\% \leq$ wrong reporting $< 0.1\%$; General defect: wrong reporting $< 0.05\%$.</p> <p>2. Proportion of direct property loss in total profit: Material defect: wrong reporting $\geq 10\%$; Major defect: $5\% \leq$ wrong reporting $< 10\%$; General defect: wrong reporting $< 5\%$.</p> <p>3. Proportion of direct property loss in total assets: Material defect: wrong reporting $\geq 0.2\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.2\%$; General defect: wrong reporting $< 0.1\%$.</p>

		4. Proportion of direct property loss in total owners' equity: Material defect: wrong reporting $\geq 0.2\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.2\%$; General defect: wrong reporting $< 0.1\%$.
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

(ii) 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 2022 according to Basic Standards of Internal Control for Enterprise and relevant regulations.	
Disclosure details of audit report of internal control	Disclosed
Disclosure details of audit report of internal control	March 31, 2023
Disclosure date of audit report of internal control (full-text)	Juchao Website (www.cninfo.com.cn)
Index of audit report of internal control (full-text)	Standard unqualified
Opinion type of auditing report of IC	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

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

XV. The rectification of self-examination problems in the special actions on governance of listed companies

In 2021, According to the Announcement on Launching Special Actions on the Governance of Listed Companies" (CSRC [2020] No. 69) of China Securities Regulatory Commission, the company followed the principle of seeking truth from facts, strictly compared with the "Special Self-examination List on Governance of Listed Companies", and carefully sorted out the existing problems. Through this self-examination, the Company believed that its corporate governance complied with the requirements of the Company Law, the Securities Law, Shenzhen Stock Exchange Listed Companies Self-regulation Guidelines No.1 and the Standardized Operation of Main Board Listed Companies and other laws and regulations. The problems found in the company's self-examination and sorting out

and the rectifications were as follows:

(i) Subsidiary holding shares of listed companies and the rectification

1. Meiling Group, a wholly-owned subsidiary of the company, held 1,141,053 restricted shares of the Company. The restricted shares held by Meiling Group were the consideration shares received for the share reform on behalf of other non-tradable shareholders in the company's reform plan for non-tradable shares. In March 2016, according to the approval of the State-owned Assets Supervision and Administration Commission of the State Council, the 49,477,513 state-owned shares (including the already held 47,823,401 shares and the unrecovered relevant rights of the consideration of 1,654,112 shares received for the share reform on behalf of other non-tradable shareholders in the company's reform plan for non-tradable shares) of the Company held by Hefei Xingtai Holdings Group Co., Ltd., the company's original shareholder, should be transferred to Industry Investment Group free of charge. Therefore, the restricted shares of the Company held by Meiling Group should be transferred to Industry Investment Group free of charge.

2. According to the approval of the State-owned Assets Supervision and Administration Commission of the State Council and the regulations of relevant departments, Meiling Group should transfer the shares paid on behalf of others and related rights held by it to Industry Investment Group at one time free of charge after recovering all the 1,654,112 shares of consideration for the share reform. At present, Meiling Group has only recovered 1,141,053 shares, and the holders of the remaining consideration shares for the share reform have been unable to get in touch for many times and for many years, there is great uncertainty about the time when all the shares will be recovered. However, the company still actively promotes the recovery of the shares advanced by Meiling Group, and handles the relevant procedures for free transfer as soon as possible after all the consideration shares for the share reform are recovered. Prior to this, the company's restricted shares held by Meiling Group would not enjoy any rights as shareholders during the holding period, including voting rights, dividend rights, etc.

(ii) The voting system did not comply with laws and regulations and the rectifications

1. According to Article 90 of the Securities Law of the People's Republic of China (2019 Amendment), "the board of directors, independent directors, shareholders holding more than 1% of voting shares of a listed company or the investor protection institutions established in accordance with laws, administrative regulations or the provisions of securities regulatory authority of the State Council may act as solicitors", and the company should complete the scope of in accordance with the aforementioned regulations.

2. On December 6 and December 23, 2021, the company held the thirteenth session of the tenth board of directors and the fourth extraordinary general meeting of shareholders in 2021, it was agreed that the company would complete the solicitation subject for voting rights in the Articles of Association and the Rules of Procedure for the General Meeting of Shareholders (Announcement No. 2021-091, No. 2021-093, No. 2021-109), and the industrial and commercial registration of changes has been completed.

(iii) The controlling shareholder, the actual controller and the listed company shared the trademark and the rectifications

1. The company and the controlling shareholder shared trademark. Regarding the shared trademark, only the controlling shareholder authorized its "Changhong" trademark to Changhong Meiling for free use, and there was no such situation that Changhong Meiling authorized the "Meiling" trademark to be used by the controlling shareholder.
2. In view of the fact that Changhong Meiling and the controlling shareholder used the controlling shareholder's "Changhong" trademark in different product businesses, which neither caused competition or conflict with the business of both parties, nor affected the independence of Changhong Meiling as a listed company. In future, the company will legally and compliantly use trademarks in strict accordance with relevant laws and regulations.

V. Environmental & Social Responsibility

I. Major environmental

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

Yes No

1. Policies and industry standards related to environmental protection

In their daily production and operation, the Company and its subsidiaries strictly abide by the Environmental Protection Law, Environmental Impact Assessment Law, Law on Prevention and Control of Water Pollution, Law on the Prevention and Control of Atmospheric Pollution, Law on Prevention and Control of Environmental Pollution by Solid Waste, Regulations on the Administration of Construction Project Environmental Protection, Environmental Protection Regulations of Anhui Province, Regulations on Prevention and Control of Environmental Pollution by Solid Waste in Sichuan Province, Water Pollutant Discharge Limit Standards of Guangdong Province and other relevant laws and regulations.

During the reporting period, Zhongshan Changhong, a subsidiary of the company, carried out self-monitoring work according to the regulations, in which refer to the Emission Control Standard for Industrial Enterprises Volatile Organic Compounds (DB12/524-2020) for VOCs, the secondary standard of the second period in Emission Limits of Air Pollutants (DB44/27-2001) for particulate matters and total non-methane hydrocarbons, and the secondary standards of Emission Standard of Odor Pollutants (GB14554-93) and Emission Standard of Air Pollutants for Industrial Kiln and Furnace (GB9078-1996) for odor concentration.

2. Environmental protection administrative license

The Company and its subsidiaries conscientiously implement the Environmental Protection Law, the Environmental Impact Assessment Law and the Regulations on the Administration of Construction Project Environmental Protection, and consciously abide by environmental protection laws and regulations, industry requirements and government regulations at all levels. For new construction, renovation and expansion projects, the Company and its subsidiaries adhere to the system of project environmental assessment and "three simultaneities", fully implement environmental protection measures, well ensure environmental protection management in all aspects of project planning, design, construction and operation, and make full use of advanced technology and scientific and technological means to lower and reduce environmental pollution. It carries out environmental impact assessment simultaneously in the feasibility study and demonstration stage of the construction project, and entrusts the third-party professional organization to analyze the feasibility of the industrial policy, land use planning, environmental impact and environmental protection measures of the project. The construction starts upon the approval of the competent environmental protection department. During the construction of the project, it carefully implements the environmental protection requirements, and builds the environmental protection facilities simultaneously. After the completion, the environmental protection acceptance of the project is organized in time to ensure that the project meets the acceptance criteria and meets the requirements of environmental assessment before

it is officially put into use. During the operation period, it carries out pollution prevention and control actively in strict accordance with the environmental impact assessment documents of the project and the approval requirements of the competent environmental protection department to ensure the normal operation of environmental protection facilities.

In terms of project construction, the technical transformation project of Zhongshan Changhong, a subsidiary of the company, has been completed in strict accordance with the implementation of the environmental impact assessment system and the "three simultaneities" system, and the project acceptance has been completed. The sewage discharge permit was applied on March 31, 2020 and is valid until March 30, 2023.

3. Industrial emission standard and specific conditions of pollutant emissions involved in production and operation activities

Company or subsidiary name	Main pollutant and specific pollutant type	Main pollutant and specific pollutant name	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
Zhongshan Changhong Electric Appliance Co., Ltd	Waste water	PH	The self-built sewage treatment station will be discharged after reaching the standard	1 ↑	Back end of plant No.5	7.2	6-9	-	-	Not exceeded
		(COD)				32	90	0.088t/a	0.154t/a	Not exceeded
		total phosphorus				0.25	0.5	0.0007t/a	-	Not exceeded
		suspended matter				4L	60	0.011t/a	0.93t/a	Not exceeded
	Exhaust gas	VOCs	Supporting exhaust gas treatment facilities after the treatment of high-altitude discharge	4	One for plant no.1/no.2, two for plant no.2	0.29	60	0.0106t/a	0.1045t/a	Not exceeded
		The odor concentration				309	6000	Small amount	≤2000(dimensionless)	Not exceeded
		Non-methane total hydrocarbon				7.73	120	Small amount	Small amount	Not exceeded
		particulate matter				<20	120	0.0099t/a	0.11t/a	Not exceeded

4. Treatment of pollutants

Zhongshan Changhong, a subsidiary company, treats pollutants in accordance with relevant laws and regulations on environmental protection, and disposes of them according to disposal requirements after they reach the relevant standards.

In terms of sewage, it adopts the system facility technology of "physico-chemical + biochemical process" for treatment. The system was upgraded in 2015 and added the reclaimed water recycling system in 2018. In terms of wastewater, an online monitoring system is set up to monitor the main pollutant indicators, and discharge can be

made only after the standard is reached. All indicators in the quarterly inspection report are lower than the emission limits by more than 50%.

In terms of waste gas, it adopts the system facility technology of "biodegradation + negative ion purification + activated carbon adsorption", and the system was upgraded in 2015. The waste gas treatment facilities and production equipment are operated in linkage, with 6 daily inspections and one quarterly outsourced inspection, and the discharge of various pollutants is far below the discharge limit.

5. 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.

6. 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.

7. Investment in environmental governance and protection and the relevant payment of environmental protection tax

The company's investment in environmental protection mainly includes the investment in the construction of environmental protection facilities, that is, the investment in purchasing and installing fixed assets such as environmental protection facilities and equipment, as well as the operation and maintenance expenses of environmental protection facilities, environmental protection tax, and third-party outsourcing testing.

8. Measures taken to reduce carbon emissions and their effectiveness during the reporting period

Applicable Not applicable

Combining the characteristics and special requirements of carbon emissions, the company strengthens the energy management of each production unit, improves the internal energy management and energy efficiency index assessment and energy consumption evaluation system, continues to carry out energy measurement and evaluation, follows the principles of system management, and establishes a complete and effective management system. During the reporting period, the company vigorously promoted and applied the industry's advanced energy-saving equipment and technologies, and carried out energy-saving technical transformation; carried out energy-saving transformation for high-consumption and low-efficiency air compressors, upgrading and transformation for air

compressor joint control systems, energy-saving transformation for steam pipelines, research and application for infrared heating technology, application research for air energy units, application research for air compressor waste heat recovery and utilization, and replacement of high-efficiency and energy-saving heating tiles and other energy-saving renovation measures, improved automation and intelligence, and combined energy management with informatization construction, improved the production and manufacturing system through internet technology, realized lean production management, improved production efficiency, and reduced energy waste and CO₂ emissions.

9. Administrative penalties for environmental issues during the reporting period

Name	Cause	Violation of the situation	Result	Impact on the production and operation of listed companies	The company's rectification measures
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

10. Other environment information that should be disclosed

According to the Environmental Information Disclosure Measures of Enterprises and Institutions, in line with the principle of mandatory disclosure and voluntary disclosure combined, 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.

11. 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.

II. Social responsibility

The company adheres to the core values of "dedication, responsibility, co-creation and sharing", and achieves the purpose of "staff satisfaction, customer satisfaction, and shareholder satisfaction" through standardized operation and scientific management. While achieving benign development, the company has also actively fulfilled its social responsibilities through various forms and channels.

1. Protection of the rights and interests of shareholders and creditors

The company strictly follows the provisions and requirements formulated by the Articles of Association and the Rules of Procedure for the General Meeting of Shareholders, regulates the convening, holding and voting procedures of the general meeting of shareholders, equally treats all shareholders, especially small and medium shareholders equally, and ensures that all shareholders enjoy equal status and fully exercise their own rights. Under the premise of strictly implementing the Administrative Measures for Information Disclosure of Listed Companies, the company actively communicates and exchanges information with investors on the company's operations and management, financial status, etc. through annual performance briefings, investor telephone hotline, e-mails, and the investor relations interactive platform of the Shenzhen Stock Exchange, and discloses information to all investors in a truthful, accurate, complete, concise and clear, and easy-to-understand manner; the company attaches great importance to the shareholder return mechanism.

During the reporting period, in order to thank investors for their long-term support to the company, the company organized a "Meiling Shareholder Feedback Activity" to repay all shareholders with sincerity.

In addition, during the reporting period, the Company launched the "Anhui Investor Service Week of Shenzhen Stock Exchange - Entering the Listed Companies", which allowed investors to enter the company, listen to their demands, which actively expanded effective ways to improve the communication quality of the company, helped investors better understand the company's operating performance, and effectively improved shareholders' satisfaction.

2. Protection of the rights and interests of employees

In accordance with relevant laws, regulations and policies, and in light of its own actual situation, the company has established a relatively complete employment management system, including labor contract system, salary and performance appraisal system, welfare management system, training management system, employee vacation management system, etc..

The company attaches importance to the vital interests of employees, protects the legitimate rights and interests of employees to the maximum extent, establishes harmonious labor relations, and strives to form a good mechanism for the company and employees to create and share together. At the same time, the company creates a people-oriented cultural atmosphere by providing various holidays, allowances, condolences and organizing diversified employee activities, benchmarking personnel selection, carnivals, etc., and continuously improves employee satisfaction.

3. Protection of the rights and interests of suppliers, customers and consumers

The company has established a relatively complete procurement management system, optimized and revised system documents in a timely manner, unified information system tools, strictly controlled every link of the procurement business, cultivated core and strategic suppliers, and established a high-end supply chain cultivation plan for component suppliers of high-end products, so as to form a synergy, cooperation and win-win situation between the company and its suppliers.

The company attaches great importance to customer needs, has a relatively complete product development

process, advanced R&D means, and develops competitive products. It pays attention to product quality, strong quality control ability and reliable product performance, and has a refined quality management system, and has passed the management system certifications such as ISO9001, ISO14001 and ISO45001. The company has complete test items and strong detection ability. It has built one of the few laboratories in the industry, such as RoHS and intelligent IoT. The company's testing center has CNAS accreditation qualification, which meets the requirements of strict and high-level testing of products. In the domestic market, the company increases its attention and support in terminal construction, user experience and product training to increase the sales of high-end products; In the export market, it fully recognizes the requirements of local laws and regulations, strictly certifies products, and fully verifies the reliability and environmental adaptability of products to ensure the reliability of products in the target market. Its export products have covered more than 130 countries or regions. According to different types of customers, it implements classification and system management, timely feedbacks customers' demands, continuously improves quality service and enhances brand image; And tracks market performance by means of customer satisfaction survey and SCR monitoring.

For the protection of consumers' rights and interests, the company has a relatively advanced closed-loop management system for user service. In order to meet users' service needs, it gradually improves the function construction of official channel service platforms such as 400 service hotline, brand official website, WeChat official account and Zhihuijia APP, attaches importance to and strengthens the user interaction and experience of social platforms such as Tik Tok, Xiaohongshu, Weibo, Bilibili and Zhihu, and understands and handles users' needs and questions in time. In view of user demand processing, it promotes the process visualization management and user evaluation system management of work order processing timeline. In addition, the company pays attention to improving consumers' product guarantee service ability, and has created Meiling's exclusive characteristic guarantee service measures, and upgraded and launched the services such as unconditional return within 180 days for Meiling M fresh refrigerator because of dissatisfaction in preservation, and unconditional return within 180 days for Meiling clean refrigerator because of dissatisfaction in disinfection and sterilization, so as to effectively meet users' needs and enhance consumer satisfaction.

4. Social welfare

Over the years, the company has been actively participating in social welfare undertakings and various social welfare activities. The company strictly implements the internal environmental operation control procedures and a series management systems related to environment, safety and product quality, such as Energy Management Regulations, Safety Production Responsibility System, Safety Training Management System, and "Process Quality Control Points" Management Measures for Refrigerator and Freezer Products, ensures that the company's production and service activities comply with relevant national legal requirements; and actively carries out actions such as helping employees with serious illnesses and advocating voluntary donations by employees.

During the reporting period, in order to actively fulfill its corporate social responsibility, its subsidiary, Zhongke Meiling, will donate a total of no more than RMB 5.65 million to 11 well-known domestic universities within 10 years to support the development of higher education; In order to help the people in the earthquake-stricken areas in Luding, the company donated RMB 1 million to the earthquake relief work in Luding County

through Mianyang Charity Federation, to help the affected people tide over the difficulties and rebuild their homes, which further enhanced the brand reputation, social image and influence of the company and its subsidiaries.

III. Consolidate and expand the achievements of poverty alleviation and rural revitalization

The company actively undertakes corporate social responsibilities, implements Xi Jinping's socialist ideology with Chinese characteristics in the new era with positive actions, and assumes the social responsibility that an enterprise should shoulder. During the reporting period, the company successively carried out the "Rural Revitalization of Meiling - Excellent Products Conference of Base Agricultural Products" and the love assistance activities of Tongxin Primary School in Tiantangzhai, Jinzhai County; donated RMB 150,000 to the People's Government of Songdian Town, Huoqiu County, Lu'an City, Anhui Province for the collective industrial development project of north and south four villages in Songdian Town, Huoqiu County, in order to increase employment, expand the collective economy and help the local rural revitalization strategy. While achieving its own benign operation and development, the company continues to make efforts to contribute to local poverty alleviation and rural revitalization.

VI. Important Events

I. Implementation of commitment

(i) 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 Acquisition Report of Hefei Meiling Co., Ltd.	2007-6-12	Valid for long term	Strictly implemented	
				Valid for long term	Strictly implemented	
				Valid for long term	Strictly implemented	
Commitment made during the non-public offer of 2010	Sichuan Changhong	Commitment regarding to reducing and preventing competition with Meiling Electric	2010-6-24	Valid for long term	Strictly implemented	
						1. It will not engage in such business or activity that competes with or has interest conflict with that of Meiling Electric except for the action taken for sake of Meiling Electric as required by Meiling Electrical Appliances.
						2. The Company promises to apply shareholders’ right on a legal and reasonable manner and shall not take any action to limit or affect the normal operation of Meiling Electric
		3. In case that Meiling Electric expects, on the basis of its existing business, to expand its operation scope into the business which the Company has already				

		operated, <i>the Company agrees to grant</i> priority acquisition right to Meiling Electric regarding such business if the same conditions are met, provided that the Company is still the controlling shareholder or actual controller of <i>Meiling Electric</i>			
	Commitment regarding to reducing and standardizing related transaction with Meiling Electric	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.	2010-6-24	Valid for long term	Strictly implemented
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.					
3. Promise not to hurt legal interests of Meiling Electric and other shareholders through related transaction.					
	Commit to authorized Changhong Air-conditioner and Zhongshan Changhong use “Changhong” trademark and relevant patents for free.	2010-11-6	Valid for long term	Strictly implemented	
The Company	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.	2011-1-7	Valid for long term	Strictly implemented	
	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.				
	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.					
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.		2009-12-10	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				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 of not to reducing the shares	Sichuan Changhong Electric Co., Ltd. and persons acting in concert CHANGHONG (HK) TRADING LIMITED	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 capital market and promote recovery of healthy market		2015-7-9	Valid for long term	Strictly implemented	
		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	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.		2016-2-23	Till the completion of projects invested with the proceeds from this non-public issuance of shares	Implementing
			2. I hereby undertake to restrain my role related consumption behaviors.				
			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.				
			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>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>7. 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 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.</p>			
	The Company	<p>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.</p> <p>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</p> <p>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.</p>	2016-10-12	Valid for long term	Strictly implemented
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: The fulfilled commitments in the form will not be disclosed in the next periodic 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

II. 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 2023

Disclosure index for specific approval opinion on fund occupation from CPA: Juchao website: Juchao Website (www.cninfo.com.cn)-- Specific Explanation on Non-operational fund occupation and its related capital transactions for year of 2021 of Changhong Meiling Co., Ltd.

III. External guarantee out of the regulations

Applicable Not applicable

No external guarantee out of the regulations occurred in the period.

IV. Statement on the latest “modified audit report” by BOD

Applicable Not applicable

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

Applicable Not applicable

VI. Explanation of the changes in accounting polices, accounting estimates or correction of significant accounting errors compared with the financial report of the previous year

Applicable Not applicable

Found more details in 40. Change of major accounting policy and estimation under IV. Major accounting policy and estimation carried in the Section XII. Financial Report

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

Applicable Not applicable

The consolidated financial statements of the Company include 24 subsidiaries, including Sichuan Changhong Air Conditioner Co., Ltd., Zhongshan Changhong Electric Appliance Co., Ltd., and Zhongke Meiling Cryogenic Technology Co., Ltd. Compared to the previous year, during the reporting period, two subsidiaries included in the

consolidated statements were cancelled, namely, Meiling Cady Washing Machine Co., Ltd. and Jinan Xiangyou Electric Appliance Marketing Co., Ltd. Due to the merger, the subsidiary Zhengzhou Meiling Electric Appliance Marketing Co., Ltd. was reduced.

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

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

(i) CPAs currently engaged

Name of domestic accounting firm	Shine Wing Certified Public Accountants(LLP)
Remuneration for domestic accounting firm (RMB 10,000)	138
Continuous life of auditing service for domestic accounting firm	14 years
Name of domestic CPA	Wang Xiaodong, Tu Xiaofeng
Continuous life of auditing service for domestic CPA	Wang Xiaodong(1 year), Tu Xiaofeng (1 year)
Name of foreign accounting firm (if applicable)	N/A
Remuneration for foreign accounting firm (RMB 10,000) (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 270,000 yuan.

IX. Particular about delisting after annual report disclosed

Applicable Not applicable

X. Bankruptcy reorganization

Applicable Not applicable

XI. Material lawsuits and arbitration of the Company

Applicable Not applicable

Basic situation of litigation(arbitration)	Amount involved (Ten thousand yuan)	Whether to form estima	Litigation(arbitration)pro	Litigation(arbitration)trial results and	Implementation of litigation(arbitration)	Disclosure date	Disclosure index
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		ted liabilities	gress	impact)judgments		
<p>Zhiyijia, an affiliated enterprise of the company, signed a sales contract with the defendant, Tianjin Pengsheng Logistics Co., Ltd. (hereinafter referred to as "Tianjin Pengsheng"). The above contract stipulated that the order confirmation, shipment, reconciliation and settlement would be handled through the ECP platform of Gome Electrical Appliances Co., Ltd. (hereinafter referred to as "Gome Electrical Appliances"). After the contract was signed, Zhiyijia, the plaintiff, supplied the goods to Tianjin Pengsheng, the defendant as agreed, but Tianjin Pengsheng, the defendant, failed to fulfill the payment obligation to Zhiyijia as agreed. As of November 30, 2022, according to the data of Gome's ECP platform, the business expenses payable by Zhiyijia, the newly-increased return amount, etc., Tianjin Pengsheng still owed Zhiyijia a payment of RMB 96,174,308.42. Based on this, Zhiyijia, the plaintiff brought a lawsuit against Tianjin Pengsheng, the defendant to the People's Court of Mianyang High-tech Industrial Development Zone. The defendant Gome is an associated shareholder of Tianjin Pengsheng, and the defendants Dong Xiaohong and Rong Duo are the executive director and supervisor of Tianjin Pengsheng respectively. According to the provisions of relevant laws and regulations, Zhiyijia claims that the aforementioned defendants should be jointly and severally liable for the above debts, and requests the court to order Tianjin Pengsheng to immediately pay the plaintiff RMB 96,174,308.42 and the corresponding liquidated damages for overdue payment, and bear the related litigation costs and property preservation guarantee fees.</p> <p>The Company's shareholding in Zhiyijia is 50%, and the products are sold through Zhiyijia's smart trading platform. The customers, channels and sales transactions corresponding to the products sold are controlled and docked by the company itself, and the external transaction object is Zhiyijia, and related transactions are formed between the Company and Zhiyijia. In terms of payment settlement, the Company and Zhiyijia follow the principle of "external customer account period is Zhiyijia's account period to the Company, and external customer payment is Zhiyijia's payment to the Company, which is not allowed to be remained or transited at Zhiyijia". The amounts involved in this case are all accounts receivable and liquidated damages for overdue payment caused by the Company's sales through the smart trading platform of Zhiyijia, but the subject of the agreement is Zhiyijia, and this lawsuit will be filed by Zhiyijia. The Company and its affiliated enterprise Zhiyijia will claim their legitimate rights and interests according to law and actively take relevant measures to safeguard the legitimate rights and interests of the Company, Zhiyijia and the investors.</p>	9,617.43	No	Pre-litigation mediation	No trial result yet	No trial result yet	December 24, 2022	Juchao (www.cninfo.com.cn)(2022-101)
Accumulated amount of other litigation that does not meet the disclosure standard of major litigation	6,474.19	No	-	-	-	-	-

XII. Penalty and rectification

Applicable Not applicable

During the reporting period, the Company had no Penalty and rectification.

XIII. 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.

XIV. Major related party transaction**(i) Related party transaction with routine operation concerned**

Applicable Not applicable

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	Commodity purchased	Pressure regulator, integrated circuit, transistors, steel plate, plastic parts, etc	Marketing price	33,985.13	33,985.13	2.14%	65,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
2	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Compressor	Marketing price	45,173.47	45,173.47	2.85%	48,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
3	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Components, plastic parts and lining accessories etc.	Marketing price	80,947.69	80,947.69	5.10%	100,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
4	Sichuan Changhong	Other enterprise control under the	Commodity purchased	Base plate assembly, black plate, bracket etc.	Marketing price	45,767.42	45,767.42	2.88%	52,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-

	Jijia Fine Co., Ltd.	same controlling shareholder and ultimate controller												109,2022-097,2022-098,2022-99.
5	Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Packing boxes, foam, fixed support block etc.	Marketing price	13,066.04	13,066.04	0.82%	18,000.00	No	Bank acceptance	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
6	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Printed board machine insertion machine paste assembly	Marketing price	2,570.75	2,570.75	0.16%	3,000.00	No	Bank acceptance	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
7	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Food	Marketing price	1.17	1.17	0.00%	5,000.00	NO	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
8	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling	Commodity purchased	Foam and carton	Marketing price	417.80	417.80	0.03%	10,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.

		shareholder and ultimate controller												
9	Sichuan Changhong Intelligence Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Circuit card	Marketing price	1.62	1.62	0.00%	5,000.00	NO	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
10	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Inverter integrated board	Marketing price	394.74	394.74	0.02%	10,000.00	No	Bank acceptance	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
11	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Batteries	Marketing price	4.31	4.31	0.00%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
12	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air conditioner, LCD TV	Marketing price	530.29	530.29	0.03%	10,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.

		controller												
13	Changhong International Holdings (Hong Kong) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Television	Marketing price	510.85	510.85	0.03%	8,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
14	Sichuan Changhong Device Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	printed board	Marketing price	768.89	768.89	0.05%	10,000.00	No	Bank acceptance	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
15	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Remote controls, switching transformers, printed boards, electronic components, etc.	Marketing price	2,546.79	2,546.79	0.16%	3,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
16	Sichuan Jiahong Industrial Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	foodstuff	Marketing price	8.25	8.25	0.00%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.

17	Sichuan Ailian Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Internet access modules, electronic components, etc	Marketing price	913.94	913.94	0.06%	5,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
18	Sichuan Aichuang Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Inverter integrated board	Marketing price	11,551.33	11,551.33	0.73%	13,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
19	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Filter element, etc	Marketing price	0.12	0.12	0.00%	10,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
20	Sichuan Aoku Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Power board	Marketing price	764.15	764.15	0.05%	5,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
21	Sichuan Changhong	Controlling shareholder and ultimate	Accept labor service	Shuttle transportation fee, training fee	Marketing price	195.45	195.45	0.12%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-

	Electronics Holding Group Co., Ltd.	controller												092,2021-094,2021-109,2022-097,2022-098,2022-99.
22	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Accept labor service	Software usage fee, information consultation fee, inspection and certification fee	Marketing price	488.25	488.25	0.29%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
23	Sichuan Changhong Minsheng Logistics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Transportation costs, storage and handling charges, freight and miscellaneous charges etc.	Marketing price	61,657.16	61,657.16	37.06%	75,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
24	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	commission processing fee	Marketing price	2,199.65	2,199.65	1.32%	6,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
25	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Three packages, equipment repair, miscellaneous fees, installation fee etc.	Marketing price	30,020.77	30,020.77	18.05%	32,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.

26	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Software usage fee, service supporting fee and information service fee	Marketing price	1,086.77	1,086.77	0.65%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
27	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Service support fee, network service fee etc.	Marketing price	122.35	122.35	0.07%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
28	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Meals, property management fees etc.	Marketing price	742.16	742.16	0.45%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
29	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Meetings fee, accommodation	Marketing price	35.19	35.19	0.02%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.

30	Sichuan Changhong Property Services Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Dormitory facility and equipment service fees, property management fees	Marketing price	11.45	11.45	0.01%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
31	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Design service fee and platform usage fee	Marketing price	15.52	15.52	0.01%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
32	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Network service	Marketing price	2.49	2.49	0.00%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
33	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	test modification fee	Marketing price	7.31	7.31	0.00%	5,000.00	N	Bank acceptance	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
34	Sichuan Changhong	Other enterprise	Accept labor	commission	Marketing	1,067.19	1,067.19	0.64%	6,000.00	N	Bank	-	December 7, 2021, December 24, 2021,	Juchao Website (www.cninfo.com.cn)

	Jijia Fine Co., Ltd.	control under the same controlling shareholder and ultimate controller	service	processing fee	g price						acceptance		December 17,2022	No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
35	Sichuan Changhong Gerun Environmental protection Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Environmental protection service	Marketing price	5.97	5.97	0.00%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
36	Sichuan Aichuang Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Labor dispatch fee, R&D test fees	Marketing price	106.98	106.98	0.06%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
37	Sichuan Qiruike Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Technology development service fee, instrument repair fee, inspection and certification fee, etc.	Marketing price	852.55	852.55	0.51%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
38	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling	Accept labor service	Labor dispatch fee	Marketing price	8.17	8.17	0.00%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-

		shareholder and ultimate controller												098,2022-99.
39	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Sales goods of	Kitchen and bathroom and small appliances	Marketing price	138.77	138.77	0.01%	1,500.00	No	Spot exchange, Bank acceptance	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
40	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Sales goods of	Air-conditioning	Marketing price	42.38	42.38	0.00%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
41	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods of	Air-conditioning, frozen foam cabinet body	Marketing price	6.20	6.20	0.00%	10,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
42	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods of	Plastic parts	Marketing price	68.44	68.44	0.00%	31,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
43	Lejiayi Chain Management Co., Ltd.	Other enterprise control under the	Sales goods of	Small appliances, Refrigerator and air conditioner	Marketing price	125.36	125.36	0.01%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-

		same controlling shareholder and ultimate controller											109,2022-097,2022-098,2022-99.	
44	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	washing machine, Refrigerator, freezer, Air conditioner, small appliances	Marketing price	683,520.47	683,520.47	34.11%	740,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
45	Sichuan Changhong Device Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	Small appliances, water, electricity, compressed air, etc	Marketing price	10.46	10.46	0.00%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
46	Sichuan Changhong Minsheng Logistics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	Air conditioner, Refrigerator	Marketing price	254.19	254.19	0.01%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
47	Sichuan Service Exp. Appliance	Other enterprise control under the same controlling	Sales goods	Air conditioners, inverter integrated boards, components etc.	Marketing price	704.59	704.59	0.04%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.

	Service Chain Co., Ltd.	shareholder and ultimate controller													
48	Sichuan Huafeng Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of	Air conditioner	Marketing price	35.31	35.31	0.00%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
49	Sichuan Changhong Real Estate Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of	Air conditioner	Marketing price	9.72	9.72	0.00%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
50	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of	small appliances, Air conditioner	Marketing price	10.59	10.59	0.00%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
51	Sichuan Aoku Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate	Sales goods	of	Air conditioner	Marketing price	23.01	23.01	0.00%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.

		controller													
52	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of	Air conditioner	Marketing price	7.26	7.26	0.00%	48,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
53	Guangyuan Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of	Air conditioner, Kitchen and bathroom, small appliances	Marketing price	15.00	15.00	0.00%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
54	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of	small appliances	Marketing price	0.11	0.11	0.00%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
55	CHANGHONG(HK)TRADING LIMITED	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of	Air conditioner	Marketing price	35,986.86	35,986.86	1.80%	130,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.

56	CHANGHONG GELECTRIC(AUSTRALIA)PTY.LTD.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Refrigerator,freezers and accessories	Marketing price	16,831.82	16,831.82	0.84%	130,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
57	Orion.PDP.Co.,Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Refrigerator	Marketing price	5,156.73	5,156.73	0.26%	5,400.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
58	ChanghongEuropeElectrics.r.o	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Refrigerator	Marketing price	1,376.83	1,376.83	0.07%	10,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
59	CHANGHONG GELECTRIC MIDDLEEAS TFZCO	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Refrigerator,freezers and accessories	Marketing price	1,725.97	1,725.97	0.09%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
60	Changhong International	Other enterprise	Sales	of Refrigerator,freezers,Air	Marketing	10,146.95	10,146.95	0.51%	35,000.00	No	Cash	-	December 7, 2021, December 24,2021,	Juchao Website (www.cninfo.com.cn)

	Holdings (Hong Kong) Co., Ltd.	control under the same controlling shareholder and ultimate controller	goods	conditioner, kitchen utensils	g price						settlement		December 17,2022	No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
61	Sichuan Aichuang Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Kitchen and bathroom and small appliances	Marketin g price	2.19	2.19	0.00%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
62	Yuanxin Finance lease Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Air conditioner	Marketin g price	245.87	245.87	0.01%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
63	Sichuan Ansifei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Air conditioner	Marketin g price	2.42	2.42	0.00%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
64	Sichuan Qiruike Technology Co., Ltd.	Other enterprise control under the	Sales goods	of Kitchen and bathroom and small appliances	Marketin g price	0.31	0.31	0.00%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-

		same controlling shareholder and ultimate controller												109,2022-097,2022-098,2022-99.
65	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Providing services	Installation service	Marketing price	31.20	31.20	0.70%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
66	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor cost	Marketing price	33.90	33.90	0.76%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
67	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor cost	Marketing price	8.32	8.32	0.19%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
68	Sichuan Aichuang Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder	Providing services	Technical service fee,Labor cost	Marketing price	-24.22	-24.22	-0.54%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.

		and ultimate controller												
69	Sichuan Huafeng Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor cost	Marketing price	44.28	44.28	0.99%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
70	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Service fee	Marketing price	95.27	95.27	2.13%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
71	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Providing services	Labor cost	Marketing price	227.18	227.18	5.08%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
72	Sichuan Changhong Device Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Technical service fee	Marketing price	9.38	9.38	0.21%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
73	Mianyang Huafeng Hulian Technology	Other enterprise control	Providing services	Repair Service	Marketing price	8.82	8.82	0.20%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-

	Co., Ltd.	under the same controlling shareholder and ultimate controller											092,2021-094,2021-109,2022-097,2022-098,2022-99.
74	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Technical service fee	Marketing price	204.96	204.96	4.58%	500.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022 Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
75	Sichuan Changhong Minsheng Logistics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor cost	Marketing price	21.58	21.58	0.48%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022 Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
76	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor cost	Marketing price	0.35	0.35	0.01%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022 Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
77	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same	Providing services	Labor cost	Marketing price	197.79	197.79	4.42%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022 Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-

		controlling shareholder and ultimate controller												098,2022-99.
78	Sichuan Aoku Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor cost	Marketing price	15.62	15.62	0.35%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
79	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Maintenance fees	Marketing price	3.46	3.46	0.08%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
80	081 Electronic Group Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	provide labor	Maintenance fee	Marketing price	9.31	9.31	0.21%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
81	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	provide labor	Labor costs	Marketing price	0.36	0.36	0.01%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.

82	Sichuan Qiruike Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor cost	Marketing price	0.13	0.13	0.00%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
83	Guangyuan Hongcheng Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor cost	Marketing price	4.59	4.59	0.10%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
84	Sichuan Changhong Precision Electronics Technology Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor cost	Marketing price	0.41	0.41	0.01%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
85	Yuanxin Finance Lease Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Financing service, etc	Marketing price	284.32	284.32	6.36%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
86	Sichuan Changhong	Other enterprise	Providing	Technical service	Marketing	17.16	17.16	0.38%	2,500.00	No	Cash	-	December 7, 2021, December 24, 2021,	Juchao Website (www.cninfo.com.cn)

	Property Service Co., Ltd.	control under the same controlling shareholder and ultimate controller	services	fee	g price						settlement		December 17,2022	No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
87	Sichuan Ansifei Technology Co.,Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Installation service	Marketing price	-0.27	-0.27	-0.01%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
88	Sichuan Changhong Jiechuang Lithium Battery Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor cost	Marketing price	5.73	5.73	0.13%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
89	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Technical service fee	Marketing price	4.65	4.65	0.10%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
90	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the	Provide fuel power	Installation service	Marketing price	81.98	81.98	1.83%	6,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-

		same controlling shareholder and ultimate controller												109,2022-097,2022-098,2022-99.
91	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Lodging house	Marketing price	1.42	1.42	0.01%	4,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
92	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Rental apartment,warehouse uses	Marketing price	61.26	61.26	0.54%	4,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
93	Sichuan Aichuang Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Warehouse for rent	Marketing price	6.00	6.00	0.05%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
94	Sichuan Ailian Science & Technology Co., Ltd.	Other enterprise control under the same controlling	Rent to the related party	Warehouse for rent	Marketing price	0.19	0.19	0.00%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	(www.cninfo.com.cn) 2021-091、2021-092、2021-094、2021-109、2022-097、2022-098、2022-99

		shareholder and ultimate controller												
95	Sichuan Aoku Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Warehouse for rent	Marketing price	0.95	0.95	0.01%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
96	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Rental apartment, office	Marketing price	18.46	18.46	0.16%	4,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
97	Sichuan Qiruike Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Lease of factory	Marketing price	4.73	4.73	0.04%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
98	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Rent to the related party	Lease of factory, equipment	Marketing price	178.68	178.68	1.58%	4,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
99	Sichuan Changhong	Controlling shareholder	Lease from related	Lease of factory	Marketing price	1.96	1.96	0.02%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021,	Juchao Website (www.cninfo.com.cn)

	Electronics Holding Group Co., Ltd.	and ultimate controller	parties										December 17,2022	No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
100	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Rental apartment,warehouse,uses,plants,equipment	Marketing price	450.21	450.21	3.99%	4,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
101	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Serviced apartment, living quarters	Marketing price	14.76	14.76	0.13%	4,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
102	Sichuan Changhong Minsheng Logistics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Serviced apartment, office, etc.	Marketing price	23.48	23.48	0.21%	4,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
103	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder	Rent to the related party	Rental of living quarters apartments, warehouse, workshop, equipment and living quarters	Marketing price	888.39	888.39	7.87%	4,000.00	No	Cash settlement	-	December 7, 2021, December 24,2021, December 17,2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.

		and ultimate controller												
104	Sichuan Changhong Device Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Lease of factory	Marketing price	214.71	214.71	1.90%	4,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
105	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Rental apartment	Marketing price	18.83	18.83	0.17%	4,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
106	Chonghong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Leasing from related party	Lease of workshop	Marketing price	0.45	0.45	0.00%	500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
107	Chengdu Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Leasing from related party	Leasing office	Marketing price	71.39	71.39	0.63%	4,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.

108	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Leasing from related party	Lease of staff dormitory, plant	Marketing price	114.01	114.01	1.01%	4,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
109	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Leasing from related party	lease of plant	Marketing price	192.77	192.77	1.71%	4,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
110	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Leasing from related party	Lease of staff dormitory	Marketing price	49.92	49.92	0.44%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
111	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Leasing from related party	Lease of laboratory and workshop	Marketing price	362.45	362.45	3.21%	4,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
112	Sichuan Changhong Electronics Holding Group Co.,	Controlling shareholder and ultimate controller	Leasing from related party	Lease shop	Marketing price	12.75	12.75	0.11%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.

	Ltd.													
113	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Leasing from related party	Lease of staff dormitory	Marketing price	14.05	14.05	0.12%	500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
114	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase and construction of fixed assets	assembly line body	Marketing price	53.68	53.68	0.18%	3,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
115	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Purchase and construction of fixed assets	Relocation and transformation of equipment	Marketing price	140.00	140.00	0.48%	1,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
116	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase and construction of fixed assets	Knowledge management, integration and functional improvement projects	Marketing price	566.84	566.84	1.93%	1,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
117	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the	Purchase Intangible assets	Information management	Marketing price	125.49	125.49	0.43%	1,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-

		same controlling shareholder and ultimate controller												098,2022-99.
118	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Self use TV	Marketing price	2.24	2.24	0.01%	1,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
119	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Purchase and construction of fixed assets	Fire upgrades	Marketing price	226.42	226.42	0.77%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
120	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Self use TV	Marketing price	0.18	0.18	0.00%	1,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
121	Mianyang Science & Technology City Big Data Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase and construction of fixed assets	Plant construction	Marketing price	45.04	45.04	0.15%	1,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.

122	Sichuan Changhong Jiahua Information Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase fixed assets	Sevicer	Marketing price	39.43	39.43	0.13%	1,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
123	Sichuan Qiruike Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	laboratory equipment	Marketing price	6.56	6.56	0.02%	5,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
124	Sichuan Aoku Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sale of fixed assets	Computers, monitors, current probes, etc.	Marketing price	12.10	12.10	1.19%	2,500.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
125	Yuanxin Financial Lease Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Financing business	Financing business	Marketing price	40,942.87	40,942.87	--	82,000.00	No	Cash settlement	-	December 7, 2021, December 24, 2021, December 17, 2022	Juchao Website (www.cninfo.com.cn) No.:2021-091,2021-092,2021-094,2021-109,2022-097,2022-098,2022-99.
Total					--	--	1,141,146.87	--	--	--	--	--	--	--
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)	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 2022 was 2590 million yuan at most (tax-excluded), actually 1,815.0651 million yuan occurred in reporting period.
	2. It is estimated that the related transaction amount resulted by purchasing compressors, Sell goods, accept or provide services with Changhong Huayi and its subsidiary by the Company for year of 2022 was 485 million yuan at most (tax-excluded), actually 454.0019 million yuan occurred in reporting period.
	3. It is estimated that the related transaction amount resulted by purchasing or selling equipment, software, maintenance and spare parts and molds etc. from Sichuan Changhong and its subsidiary by the Company for year of 2022 was 15 million yuan at most (tax-excluded), actually 9.1922 million yuan occurred in reporting period.
	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 2022 was 9,625 million yuan at most (tax-excluded), actually 7,511.782 million yuan occurred in reporting period.
	5. It is estimated that the related transaction amount resulted by leasing business to Sichuan Changhong and its subsidiary by the Company for year of 2022 was 40 million yuan at most (tax-excluded), actually 26.1082 million yuan occurred in reporting period.
	. It is estimated that the related transaction amount from domestic finished goods logistic business outsourcing to Sichuan Changhong Minsheng Logistics Co., Ltd. by the Company for year of 2022 was 750 million yuan at most (tax-excluded), actually 616.5716 million yuan occurred in reporting period.
	7. 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 2022 was 320 million yuan at most actually 300.2077 million yuan occurred in reporting period.
	8. 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 2022 was 60 million yuan at most (tax-excluded), actually 59.6519 million yuan occurred in reporting period.
	9. It is estimated that the related transaction amount resulted by selling goods and leasing business from Sichuan Changhong Electronics Holding Group Co., Ltd and its subsidiary by the Company for year of 2022 was 79 million yuan at most (tax-excluded), actually 53.9478 million yuan occurred in reporting period.
	10. 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 Holding Group Co., Ltd. and its subsidiary by the Company for year of 2022 was 260 million yuan at most (tax-excluded), actually 155.5116 million yuan occurred in reporting period.
	11. It is estimated that the related transaction amount resulted by received the financing lease, commercial factoring and bill financing from Yuanxin Financial Lease Co., Ltd was 82 million yuan at most, actually 409.4287 million yuan occurred in reporting period.

Reasons for major differences between trading price and market reference price (if applicable)	Not applicable
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(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	Name of the invested enterprise	Main business of the invested enterprise	Registered capital of the invested enterprise	Total assets of the invested enterprise (RMB '0,000)	Net assets of the invested enterprise (RMB '0,000)	Net profit of the invested enterprise (RMB '0,000)
Sichuan Changhong Electronic (Group) Co., Ltd., Sichuan Changhong Electric Co.,Ltd., Sichuan Shenwan Hongyuan Changhong Equity Investment Management Co., Ltd., Guangdong Changhong Electronics Co., Ltd., Sichuan Qiruike Technology Co., Ltd., Sichuan Changhong Power Supply Co., Ltd., Sichuan Changhong New Energy Technology Co., Ltd., Changhong Sanjie New Energy Co., Ltd., Sichuan Changhong Green Environmental Science and Technology Co., Ltd., Yibin Red-star Electronics Co., Ltd., Sichuan Changhong Digital Technology Co., Ltd., and Changhong Huayi Compressor Co.,Ltd.	Controlling shareholder and ultimate controller, other enterprises controlled by the same controlling shareholder and ultimate controller, and listed companies with natural persons as directors	Changhong Group Sichuan Shenwan Hongyuan Strategic New Industry Parent Fund Partnership (Limited Partnership)	Engagement in equity investment, investment management, asset management and other activities with private equity funds (registration and filing must be completed in Asset Management Association of China before the engagement in business activities).	1,500 million	26,035.12	26,033.24	33.24
Progress of major projects under construction of the invested enterprise (if any)			N/A				

(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) Contact with the related finance companies

Applicable Not applicable

Deposit business

Related party	Relationship	Maximum daily deposit limit (In 10 thousand yuan)	Deposit interest rate range	Opening balance (In 10 thousand yuan)	Amount for the Period		Ending Balance (10 thousand yuan)
					Total deposit amount for the Period (10 thousand yuan)	The total amount withdrawn in the Period (10 thousand yuan)	
Sichuan Changhong Group Finance Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controller	450,000.00	0.42%-3.60%	338,508.69	3,356,249.10	3,348,257.80	346,499.99

Credit extension or other financial business

Related party	Relationship	Type of business	Total amount (10 thousand yuan)	Actual amount (10 thousand yuan)
Sichuan Changhong Group Finance Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controller	Other financial services - note issuance	300,000.00	143,104.99
Sichuan Changhong Group Finance Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controller	Other financial services - note discounting	300,000.00	7,383.69

Note 1: After deliberated and approved by the 27th session of 9th BOD and 3rd 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 one billion yuan. After capital increased, registered capital of Changhong Finance Company changed to 2,693,938,365.84 yuan. The Company and Changhong Huayi holds 14.96% equity of Chonghong Finance Company respectively, and controlling shareholder of the Company -Sichuan Changhong Electric Co., Ltd and its controlling shareholder Sichuan Changhong Electronics Holding Group Co., Ltd holds 35.04% equity of Changhong Finance Company respectively.

Note 2: After deliberated and approved by the 41st session of 9th BOD and 4th extraordinary shareholders general meeting of 2020 held on 14 August 2020 and 12 October, it is agreed to continue the financial services cooperation between the Company and Changhong Finance Company and renew the "Financial Service Agreement" for a period of three years. Changhong Finance Company will provides a series of financial services such as deposit and loans within scope of operation according to the requirements of Company and its subsidiaries.

(vi) Transactions between the finance company controlled by the Company and related parties

Applicable Not applicable

(vii) Other related party transactions

Applicable Not applicable

1. On June 22, 2022 and December 22, 2022, after deliberation and approval by the 27th meeting of the Tenth Board of Directors, 19th meeting of the Tenth Board of Supervisors and the Fourth Extraordinary General Meeting of Shareholders in 2022, it was agreed that it is estimated that the total amount of daily related transactions between the Company and its subsidiaries and related parties in 2023 will not exceed RMB 16.47 billion (excluding tax); It

was also agreed that the company and Sichuan Changhong Group Finance Co., Ltd. will continue to carry out related transactions of financial services such as deposits and loans in 2023.

2. On December 16, 2022, after deliberation and approval by the 29th meeting of the Tenth Board of Directors and the 20th meeting of the Tenth Board of Supervisors, and it was agreed that the estimated daily related transactions between the Company and its holding subsidiaries and Sichuan Changhong Electric Co.,Ltd. and its subsidiaries in 2022 should not exceed RMB 10 million (excluding tax); It was estimated that in 2022, the amount of daily related transactions such as sales of goods between the Company and its holding subsidiaries and Sichuan Zhiyijia Network Technology Co., Ltd. would not exceed RMB 200 million (excluding tax); It was estimated that the daily related transactions of sales between the Company and its holding subsidiaries and OrionCo.,Ltd in 2022 would be increased by RMB 4 million (excluding tax). After this increase, it is estimated that the total amount of daily related transactions between the Company and its holding subsidiaries and Sichuan Changhong Electronic (Group) Co., Ltd. and its holding subsidiaries (excluding Sichuan Changhong) will not exceed RMB 339 million (excluding tax), and the total amount of daily related transactions with Sichuan Changhong Electric Co.,Ltd. and its holding subsidiaries (excluding Changhong Huayi) will not exceed RMB 14.22 billion (excluding tax).

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

Interim report	Disclosure date	Website for disclosure
Resolution Notice of the 27 th session of 10 th BOD (2022-087) Resolution Notice of the 19 th session of 10 th BOS (2022-088) Announcement on the daily related transactions of 2023 (2022-089) Notice on Expected Continuing Related Transactions with Sichuan Changhong Group Finance Company in 2023 (2022-90) Resolution Notice of Fourth extraordinary general meeting of 2022 (2022-100)	December 7,2022 and December 23,2022	www.cninfo.com.cn
Resolution Notice of the 29 th session of 10 th BOD (2022-097) Resolution Notice of the 20 th session of 10 th BOS (2022-098) Increase the forecast announcement of daily related party transactions for year of 2022 (2022-099)	December 17,2022	www.cninfo.com.cn

XV. 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

In RMB 10,000

Particulars about the external guarantee of the Company and subsidiaries (Barring the guarantee for subsidiaries)										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if applicable)	Counter guarantee (if applicable)	Guarantee term	Complete implementation or not	Guarantee for 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	Actual guarantee limit	Guarantee type	Collateral (if applicable)	Counter guarantee (if applicable)	Guarantee term	Complete implementation or not	Guarantee for related party
Zhongshan Changhong Electric Co., Ltd.	Announcement No.: 2020-097,2020-098,2020-101and 2020-107 released on December 12,2020 and December 30,2020	140,000.00	March 26,2021	13,000.00	Joint liability guaranty	N/A	Yes	1 year	Yes	No
			March 29,2021	18,000.00	Joint liability guaranty		Yes	1 year	Yes	No
			March 30,2021	20,000.00	Joint liability guaranty		Yes	1 year	Yes	No
			April 1,2021	20,000.00	Joint liability guaranty		Yes	11.5 months	Yes	No
			April 6,2021	9,000.00	Joint liability guaranty		Yes	1 year	Yes	No

			May 25,2021	10,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			July 20,2021	5,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			August 19,2021	5,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			August 27,2021	15,000.00	Joint liability guaranty	Yes	1 year	Yes	No
	Announcement No.: 2021-091,2021-092,2021-096 and2021-109 released on December 7, 2021 and December 24, 2021	140,000.00	March 10,2022	2,000.00	Joint liability guaranty	Yes	1 year	No	No
March 28,2022			7,000.00	Joint liability guaranty	Yes	1 year	No	No	
April 22,2022			18,000.00	Joint liability guaranty	Yes	1 year	No	No	
May 6,2022			6,000.00	Joint liability guaranty	Yes	1 year	No	No	
June 10,2022			10,000.00	Joint liability guaranty	Yes	1 year	No	No	
June 25,2022			13,000.00	Joint liability guaranty	Yes	1 year	No	No	
July 2,2022			20,000.00	Joint liability guaranty	Yes	1 year	No	No	
August 19,2022			5,000.00	Joint liability guaranty	Yes	1 year	No	No	
October 11,2022			15,000.00	Joint liability guaranty	Yes	1 year	No	No	
	Announcement No.: 2022-087,2022-088,2022-091 and 2022-100 released on December 7,2022 and December 23, 2022	150,000.00	-	-	-	-	-	-	-
Changhong MeilingRidian	Announcement No.:	30,000.00	March 31,2021	4,000.00	Joint liability guaranty	Yes	1 year	Yes	No

Technology Co., Ltd.	2020-097,2020-098,2020-101 and 2020-107 released on December 12,2020 and December 30,2020.		September 22,2021	3,000.00	Joint liability guaranty	Yes	1 year	Yes	No	
			October 19,2021	4,000.00	Joint liability guaranty	Yes	1 year	Yes	No	
	Announcement No.: 2021-091,2021-092,2021-096 and 2021-109 released on December 7,2021 and December 24,2021.	16,000.00		June 6,2022	3,000.00	Joint liability guaranty	Yes	1 year	No	No
				July 7,2022	4,000.00	Joint liability guaranty	Yes	1 year	No	No
				October 25,2022	2,000.00	Joint liability guaranty	Yes	1 year	No	No
				December 8,2022	3,500.00	Joint liability guaranty	Yes	11.2 months	No	No
	Announcement No.: 2022-087,2022-088,2022-091 and 2022-100 released on December 7,2022 and December 23, 2022.	16,000.00		-	-	-	-	-	-	-
ZhongkeMeiling Cryogenic Technology Co., Ltd.	Announcement No.: 2020-097,2020-098 ,2020-101 and 2020-107 released on December 12, 2020 and December 30,2020	26,000.00	May 24,2021	5,000.00	Joint liability guaranty	Yes	1 year	Yes	No	
			September 26,2021	6,000.00	Joint liability guaranty	Yes	1 year	Yes	No	
	Announcement No.: 2021-091,2021-092,2021-096 and 2021-109 released on December 7,2021 and December 24, 2021.	26,000.00		September 20,2022	2,000.00	Joint liability guaranty	Yes	4.5 months	No	No
				November 14,2022	5,000.00	Joint liability guaranty	Yes	7.2 months	No	No
	Announcement No.: 2022-087,2022-088,2022-091 and 2022-100 released on December 7, 2022 and December 23, 2022	20,000.00		-	-	-	-	-	-	-
Sichuan Changhong Air-	Announcement No.:	100,000.00	September 24,2021	5,000.00	Joint liability guaranty	Yes	1 year	No	No	

conditioner Co., Ltd.	2020-097,2020-098,2020-101 and 2020-107 released on December 12, 2020 and December 30,2020		December 7,2021	15,000.00	Joint liability guaranty	Yes	1 year	No	No
	Announcement No.: 2021-091,2021-092,2021-096 and 2021-109 released on December 7, 2021 and December 24, 2021	100,000.00	March 18,2022	8,000.00	Joint liability guaranty	Yes	1 year	No	No
			April 18,2022	30,000.00	Joint liability guaranty	Yes	1 year	No	No
	Announcement No.: 2022-087,2022-088,2022-091 and 2022-100 released on December 7, 2022 and December 23, 2022	250,000.00	-	-	-	-	-	-	-
Changhong RUBA Trade Company	Announcement No.: 2022-036, 2022-037 and 2022-049 released on May 18,2022 and June 30, 2022	5,955.93 ^注	-	-	-	-	-	-	-
Jiangxi Meiling Electric Appliance Co., Ltd.	Announcement No.: 2020-097,2020-098,2020-101 and 2020-107 released on December 12, 2020 and December 30, 2020	10,000.00	July 8,2021	10,000.00	Joint liability guaranty	Yes	1 year	Yes	No
	Announcement No.: 2021-091,2021-092,2021-096 and 2021-109 released on December 7, 2021 and December 24, 2021	15,000.00	-	-	-	-	-	-	-
	Announcement No.: 2022-087,2022-088,2022-091 and 2022-100 released on December 7, 2022 and December 23, 2022.	15,000.00	-	-	-	-	-	-	-
Hefei Meiling Nonferrous Metal	Announcement No.: 2021-091,2021-092 and 2021-096 released on	3,000.00	-	-	-	-	-	-	-

Products Co., Ltd.	December, 2021 and December 24, 2021								
	Announcement No.: 2022-087,2022-088,2022-091 and 2022-100 released on December 7, 2022 and December 23, 2022	3,000.00	-	-	-	-	-	-	-
Hefei Meiling Group Holdings Limited	Announcement No.: 2020-097,2020-098,2020-101 and 2020-107 released on December 12, 2020 and December 30,2020	50,000.00	March 5,2021	5,000.00	Joint liability guaranty	Yes	1 year	Yes	No
	Announcement No.: 2021-091,2021-092,2021-096 and 2021-109 released on December 7, 2021 and December 24, 2021	40,000.00	April 18,2022	5,000.00	Joint liability guaranty	Yes	1 year	No	No
	Announcement No.: 2022-087,2022-088,2022-091and 2022-100 released on December 7, 2022 and December 23, 2022	60,000.00	-	-	-	-	-	-	-
Hefei Changhong Meiling Life Appliances Co., Ltd.	Announcement No.: 2021-008,2021-009,2021-011 and 2021-034 released on March 3, 2021 and April 29, 2021	35,000.00	July 28,2021	2,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			July 29,2021	5,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			August 30,2021	5,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			October 13,2021	2,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			December 9,2021	4,000.00	Joint liability guaranty	Yes	11 months	No	No
	Announcement No.:	35,000.00	January 26,2022	3,000.00	Joint liability guaranty	Yes	1 year	No	No

	2021-091,2021-092,2021-096 and 2021-109 released on December 7, 2021 and December 24, 2021		March 17,2022	5,000.00	Joint liability guaranty		Yes	1 year	No	No
			March 21,2022	5,000.00	Joint liability guaranty		Yes	5 months	Yes	No
			August 25,2022	500.00	Joint liability guaranty		Yes	1 year	No	No
			September 8,2022	1,000.00	Joint liability guaranty		Yes	1 year	No	No
			September 22,2022	5,000.00	Joint liability guaranty		Yes	1 year	No	No
			November 11,2022	5,000.00	Joint liability guaranty		Yes	1 year	No	No
			December 8,2022	4,500.00	Joint liability guaranty		Yes	10.5 months	No	No
	Announcement No.: 2022-087,2022-088,2022-091 and 2022-10 released on December 7, 2022 and December 23, 2022	35,000.00	-	-	-	-	-	-	-	-
Total amount of approving guarantee for subsidiaries in report period (B1)			554,955.93	Total amount of actual occurred guarantee for subsidiaries in report period (B2)			377,500.00			
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)			1,046,955.93	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)			206,500.00			
Guarantee of the subsidiaries for the subsidiaries										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if applicable)	Counter guarantee (if applicable)	Guarantee term	Complete implementation or not	Guarantee for related party
Anhui Touxing Technology Co., Ltd.	Announcement No.: 2021-013,2021-014,2021-021 and 2021-	6,000.00	April 30,2021	500	Joint liability guaranty	-	-	11 months	Yes	No

	034 released on March 31 2021 and April 29, 2021									
	Announcement No.: 2021-091,2021-092 and 2021-096 released on December 7, 2021 and December 23, 2021	5,000.00	June 27,2022	500	Joint liability guaranty	-	-	1 year	No	No
	Announcement No.: 2022-087,2022-088,2022-091 and 2022-100 released on December 7, 2022 and December 23, 2022.	8,000.00	-	-	-	-	-	-	-	-
Anhui Ling'an Medical Equipment Co., Lt	Announcement No.: 2021-091,2021-092,2021-096 and 2021-109 released on December 7,2021 and December 24, 2021	5,000.00	-	-	-	-	-	-	-	-
	Announcement No.: 2022-087,2022-088,2022-091 and 2022-100 released on December 7, 2022 and December 23, 2022	12,000.00	-	-	-	-	-	-	-	-
Total amount of approving guarantee for subsidiaries in report period (C1)		20,000.00		Total amount of actual occurred guarantee for subsidiaries in report period (C2)		1,000.00				
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)		25,000.00		Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)		500.00				
Total amount of guarantee of the Company (total of three abovementioned guarantee)										
Total amount of approving guarantee in report period (A1+B1+C1)		574,955.93		Total amount of actual occurred guarantee in report period (A2+B2+C2)		378,500.00				
Total amount of approved guarantee at the end of report period (A3+B3+C3)		1,071,955.93		Total balance of actual guarantee at the end of report period (A4+B4+C4)		207,000.00				
Ratio of actual guarantee (A4+B4+C4) in net assets of the Company						40.05%				
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)	129,000.00
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)	129,000.00
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 6.6177 yuan on April 30, 2022. For details, please refer to the announcement No. 2022-037 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 10,469.5593 million yuan by the approval, the actual amount of guarantee is 3,775 million yuan. At the end of the reporting period, the practical guarantee balance amounted to 2,065 million yuan, accounting for the Company's latest net assets ratio of 39.96%.

The amount of effective guarantee provided by the approved subsidiaries of the Company to the subsidiaries is RMB 250 million, the actual amount of guarantee is RMB 10 million, and the actual guarantee balance provided by the subsidiaries to the subsidiaries is RMB 5 million, accounting for 0.10% of the Company's latest net assets.

Explanation on guarantee with composite way: Not applicable

(iii) Entrust others to cash asset management

1. Trust financing

Applicable Not applicable

Trust financing in the period

In RMB 10,000

Type	Capital resources	Amount for entrust	Undue balance	Overdue amount	Impairment amount for overdue financial management
Bank financing products	Own idle funds	60,000.00	0	0	0
Total		60,000.00	0	0	0

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

Applicable Not applicable

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 plan in the future	Summary of the items and related query index (if applicable)
China Everbright Bank Co., Ltd., Hefei Branch	Bank	Principal-guaranteed with floating income	7,000.00	Idle own funds	January 11,2022	April 11,2022	This product is an embedded financial derivatives of RMB structured deposits, the bank invests the raised structured deposits funds in fixed deposit of the bank, at the same time, the bank invests it in financial derivative transactions (including but not limited to options and swaps and other derivatives) in domestic or international financial markets with the upper limit of the income of the time deposit, the sum of the profit and loss of the financial derivative transaction investment and the bank deposit interest constitutes the income of the structured deposit product.	Agreement	3.45%	Not applicable	60.38	60.38	N/A	Yes	Not applicable	(www.cninfo.com.cn)(2022-003)
Hefei Branch of Industrial Bank	Bank	Principal-guaranteed with floating income	3,000.00	Idle own funds	January 12,2022	April 12,2022	This product is a structured deposit product, the derivative product of which is linked to the morning benchmark price of Shanghai Gold Exchange on the observation date.	Agreement	3.21%	Not applicable	23.75	23.75	N/A	Yes	Not applicable	(www.cninfo.com.cn)(2022-003)
Hefei Luyang Branch of Bank of Hangzhou Co., Ltd.	Bank	Principal-guaranteed with floating income	1,000.00	Idle own funds	January 14,2022	April 14,2022	This product is a structured deposit product, and its derivative product is linked to the spot exchange rate of the Euro against the US dollar published on the Bloomberg page "BFIX" at 14:00 Beijing time on the observation date.	Agreement	3.3%	Not applicable	8.16	8.16	N/A	Yes	Not applicable	(www.cninfo.com.cn)(2022-003)

Hefei Branch of Industrial Bank	Bank	Principal - guaranteed with floating income	1,000.00	Idle own funds	January 14,2022	April 14,2022	This product is a structured deposit product, the derivative product of which is linked to the morning benchmark price of Shanghai Gold Exchange on the observation date.	Agreement	3.21%	Not applicable	7.92	7.92	N/A	Yes	Not applicable	(www.cninfo.com.cn)(2022-004)
Zhongshan Branch of Guangfa Bank	Bank	Principal - guaranteed with floating income	5,000.00	Idle own funds	January 28,2022	April 28,2022	Principal of the structured deposit is included in the unified fund operation and management of Guangdong Development Bank, returns on the structured deposit from investors depend on the performance of gold during the observation period	Agreement	3.80%	Not applicable	46.85	46.85	N/A	Yes	Not applicable	"(www.cninfo.com.cn)(2022-006) "
Zhongshan Branch of Bank of Communications	Bank	Principal - guaranteed with floating income	5,000.00	Idle own funds	March 2,2022	June 6,2022	Bank of Communications operates the funds raised by structured deposit products in a unified manner and manages them in accordance with the principle of separating basic deposits from derivative transactions. The raised principal will be included in the internal fund of Bank of Communications for unified operation and management, and will be included in the payment scope of deposit reserve fund and deposit insurance. The embedded derivative part of products will be linked to the exchange rate, interest rate, commodity and index, etc.	Agreement	3.20%	Not applicable	42.08	42.08	N/A	Yes	Not applicable	(www.cninfo.com.cn)(2022-009)
Hefei Branch of China Everbright Bank	Bank	Principal - guaranteed with floating income	8,000.00	Idle own funds	April 15,2022	July 15,2022	This product is an embedded financial derivatives of RMB structured deposits, the bank invests the raised structured deposits funds in fixed deposit of the bank, at the same time, the bank invests it in financial derivative transactions (including but not limited to options and swaps and other derivatives)in domestic or international financial markets with the upper limit of the income of the time deposit, the sum of the profit and loss of the financial derivative transaction investment and the bank deposit interest constitutes the income of the structured deposit product.	Agreement	3.55%	Not applicable	71.00	71.00	N/A	Yes	Not applicable	(www.cninfo.com.cn)(2022-027)
Hefei Luyang Branch of Bank of Hangzhou Co., Ltd.	Bank	Principal - guaranteed with floating income	2,000.00		May 25,2022	August 26,2022	This product is a structured deposit product, and its derivative product is linked to the spot exchange rate of the Euro against the US dollar published on the Bloomberg page "BFIX" at 14:00 Beijing time on the observation date.	Agreement	3.04%	Not applicable	15.49	15.49	N/A	Yes	Not applicable	(www.cninfo.com.cn)(2022-039)

Hefei High-tech zone Branch of Huaxia Bank	Bank	Principal-guaranteed with floating income	2,000.00	Idle own funds	May 25,2022	November 25,2022	This product is a structured deposit product, the structured derivatives of which are linked to the CSI 500 index.	Agreement	3.70%	Not applicable	37.30	37.30	N/A	Yes	Not applicable	(www.cninfo.com.cn)(2022-039)
Hefei Science and Technology Sub-branch of Bank of Dongguan Co., Ltd.	Bank	Principal-guaranteed with floating income	2,000.00	Idle own funds	May 27,2022	November 23,2022	Principal of the structured deposit is included in on-balance sheet accounting and managed in accordance with the deposit, and included in the payment range payment of deposit reserves and deposit insurance premiums, relevant assets are capitalized and provided for in line with the relevant regulations of banking supervision institutions of the State Council. The ultimate actual return of structured deposits depends on the performance of underlying markets and is influenced by a variety of factors in the market.	Agreement	3.50%	Not applicable	34.52	34.52	N/A	Yes	Not applicable	(www.cninfo.com.cn)(2022-039)
Zhongshan Shiqi Branch of Guangfa Bank	Bank	Principal-guaranteed with floating income	2,000.00	Idle own funds	May 27,2022	November 23,2022	Principal of the structured deposit is included in the unified operation and management of Guangdong Development Bank, investor's returns from the structured deposit depend on the performance of CSI 500 during the observation period	Agreement	3.30%	Not applicable	32.55	32.55	N/A	Yes	Not applicable	(www.cninfo.com.cn)(2022-040)
Zhongshan Branch of China Guangfa Bank Co., Ltd.	Bank	Principal-guaranteed with floating income	5,000.00	Idle own funds	September 16,2022	December 15,2022	Principal of the structured deposit is included in the unified fund operation and management of Guangdong Development Bank, returns on the structured deposit from investors depend on the performance of gold during the observation period	Agreement	3.35%	Not applicable	41.30	41.30	N/A	Yes	Not applicable	(www.cninfo.com.cn)(2022-071) "
Hefei Luyang Branch of Bank of Hangzhou Co., Ltd.	Bank	Principal-guaranteed with floating income	2,000.00	Idle own funds	September 23,2022	December 23,2022	This product is a structured deposit product, and its derivative product is linked to the spot exchange rate of the Euro against the US dollar published on the Bloomberg page "BFIX" at 14:00 Beijing time on the observation date.	Agreement	2.88%	Not applicable	14.36	14.36	N/A	Yes	Not applicable	(www.cninfo.com.cn)(2022-073)
Chengdu Branch of Bohai Bank	Bank	Principal-guaranteed with floating income	10,000.00	Idle own funds	September 23,2022	December 22,2022	。 This product is a structured deposit product, and its derivative products are linked to the "Bond Pass" green financial bond of China Development Bank in the first phase of 2021 (bond abbreviation: 21 GKLZ 01, bond code: 2102001.IB).	Agreement	3.25%	Not applicable	80.14	80.14	N/A	Yes	Not applicable	(www.cninfo.com.cn)(2022-073)

Hefei Branch of Industrial Bank	Bank	Principal-guaranteed with floating income	2,000.00	Idle own funds	September 30,2022	December 23,2022	This deposit product is an RMB break-even floating income product, and the product income includes fixed income and floating income, in which the floating income is linked to the fluctuation of the linked target.	Agreement	3.02%	Not applicable	13.90	13.90	N/A	Yes	Not applicable	(www.cninfo.com.cn)(2022-074)
Hefei Branch of SPD Bank	Bank	Principal-guaranteed with floating income	3,000.00	Idle own funds	November 7,2022	December 8,2022	The structured deposits are included in the payment scope of deposit reserve and deposit insurance premium in accordance with deposit management and regulatory requirements,	Agreement	2.85%	Not applicable	7.36	7.36	N/A	Yes	Not applicable	(www.cninfo.com.cn)(2022-084)
Total			60,000.00	--	--	--	--	--	--	--	537.06	--	--	--	--	--

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) Other material contracts

Applicable Not applicable

No other material contracts in the period.

XVI. Explanation on other significant events

√ Applicable □ Not applicable

1. After deliberated and approved by the 16th session of 10th BOD and Annual General Meeting of 2021, it agreed that the Company and its subsidiaries shall carry out forward foreign exchange fund trading business during the period from 1 July 2022 to 30 June 2023. Balance of trading not exceeding US\$ 825 million (mainly including USD, AUD, EUR and other foreign exchange converted to USD), and the maximum period of delivery of a single business shall not exceed one year. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-012, 2022-019 and 2022-033) on 3 March 2022 and 29 April 2022.

2. Since the completion of “Repurchase Plan for Some of the Domestically Listed Foreign Shares (B Share)” on February 18, 2022 and the shares were cancel dated March 2, 2022. After deliberation and approved by the 16th session of 10th BOD and Annual General Meeting of 2021, agreed to reduce registered capital of the Company from 1,044,597,881 yuan to 1,029,923,715 yuan, further agreed to make corresponding amendment in the Article of Association with registered capital, share capital structure concerned in line with the laws. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-012, 2022-020 and 2022-033) on 3 March 2022 and 29 April 2022.

3. After deliberated and approved by the 16th session of 10th BOD, the 13th session of 10th BOD and Annual General Meeting of 2021, its was agreed that the Company will close the project of “intelligent R&D management platform construction” under the “intelligent manufacturing construction project” and “intelligent R&D project”. the 45,665,621.17 yuan (subject to the bank balance on the day the fund transferred) fund raised balance up to December 31, 2021 from the above mentioned projects and the balance resulting from the difference between interest income and fees generated before the cancellation of the special account of raised fund will be permanently replenish the working capital for daily operation and business development of the Company. In 2016, all the investment projects of raised funds from the company's non-public offering of shares have been completed and have reached the scheduled usable state, and the remaining funds are unpaid contract balance and quality guarantee fund. The Company will still keep the special account for the raised funds until all the remaining contract balance and quality guarantee fund (with a total amount of RMB 19,013,022.10) are paid, and the balance formed by the difference between interest income and handling fee generated by the subsequent refinancing of this part of the funds will also be used to permanently replenish the working capital, and then the special account for raising funds will be cancelled as required.

Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-012, 2022-013, 2022-022 and 2022-033) on 31 March 2022, and 29 April 2022.

4. After deliberated and approved by the 16th session of 10th BOD. The Company invested 10.45 million yuan for the technical transformation of front-end production line in Hefei refrigerator base. Newly increased one multi-door

shell forming line to enhance the front-end manufacturing capability in refrigerators, accomplish the cost reduction and efficiency improvement, strengthen the market competitiveness of the products to meet the production demand of refrigerator products. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-012) on 31 March 2022.

5. The resolution of the 16th session of the 10th BOD and the 2021 annual general meeting of shareholders approved and agreed that the company and its subsidiaries apply to Industrial Bank Co., Ltd., Hefei Branch for a special credit line of bill pool of up to 400 million yuan, and applied to Ping An Bank Co., Ltd. Hefei Branch for a special credit line of bill pool of up to 300 million yuan, and applied to Jiujiang Bank Co., Ltd. Hefei Branch for a special credit line of bill pool of up to 400 million yuan. The credit period is one year, and the types of credit are mainly used for the special business of bill pool, and endorsement for pledge is adopted. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-012, 2022-023 and 2022-033) on 31 March 2022 and 29 April 2022.

6. On April 22, 2022, the Company received a Letter of Notification of Share Reduction from Ms. Li Xia-the secretary of the BOD of the Company. Due to the need of Li’s own funds, within six months after 15 trading days from the share reduction plan announced, Ms. Li Xia reduced 138,200 shares of the Company at most (0.0134% of total share capital of the Company) by way of centralized competitive bidding, shares reduction shall not exceed 25% of the shares held by Ms. Li. On June 6, 2022, the Company received a Letter of Notification of Completion of the Share Reduction from Ms. Li Xia. As of June 6, 2022, Ms. Li Xia completed the reduction of 138,200 shares aforesaid through centralized bidding trading on Shenzhen Stock Exchange. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-032 and 2022-041) on 25 April 2022 and 7 June 2022.

7. In the interest of establishing a diverse shareholder return mechanism, and to thank the shareholders for their concern and support for a long period, also, allow shareholders to experience new products and services of the Company, improve the understanding and recognition of the intrinsic value of the Company, a “Meiling Shareholder Return Activity” was held by the Company from May 9, 2022 to May 15, 2022. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-035) on 7 May 2022.

8. After deliberated and approved by the 18th session of 10th BOD and second extraordinary shareholders meeting of 2022, agreed the Company to provide a domestic guarantee for Changhong RUBA Trading Co., Ltd to apply for a loan from local banks. Guarantee amounted to \$9 million at most, with a period of one year for the operating capital turnover of Changhong RUBA Trading Company. Meanwhile, Changhong RUBA Trading Company will provide a corresponding counter-guarantee to the Company’s guarantee with its whole assets. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao

Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-036, No.2022-037 and No.2022-044) on 18 May 2022 and 14 June 2022.

9. After deliberated and approved by the 19th session of 10th BOD and second extraordinary shareholders meeting of 2022, and according to the “Guidelines for Article of Association of the Listed Companies”(Revised in 2022) from SCRC and relevant provisions of laws and regulations as “Listing Rules of Stocks” from Shenzhen Stock Exchange, take the actual situation of the Company into consideration, agreed to amend some Clauses of the Article of Association, “Rules of Procedure for the GM”, “Rules of Procedure of the BOD” and “Rules of Procedure of the BOS”. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-042, No.2022-043 and No.2022-049) on 14 June 2022 and 30 June 2022.

10. On June 16, 2022, after the implementation of the company's share structure reform, the thirteenth batch of tradable shares with sales restrictions was lifted and listed for circulation. There were 4 holders of shares lifted from sales restrictions this time, and the number of shares lifted from sales restrictions was 1,250,430 shares, accounting for 0.1214% of the company's total share capital. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-045) on 15 June

11. By the resolution passed at the 22nd meeting of the Tenth Board of Directors of the Company, it was agreed to by-elect Mr. Zhao Qilin as a member of the Strategy Committee under the Tenth Board of Directors of the Company. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-062) on 18 August 2022.

12. By the resolution passed at the 22nd meeting of the Tenth Board of Directors of the Company, it was agreed that the Company would donate RMB 150,000 to the People's Government of Songdian Town, Huoqiu County, Lu'an City, Anhui Province, for the collective development project of the north and south four villages in Songdian Town, Huoqiu County, so as to increase employment and strengthen the collective economy. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-062 and 2022-065) on August 18, 2022.

13. By the resolution passed at the 22nd meeting of the Tenth Board of Directors of the Company, according to the Proposal on Amending Some Articles of Association approved by the General Meeting of Shareholders of the Company on June 29, 2022, it was agreed to amend the relevant articles of the Rules of Procedure of the President at the same time. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-062) on August 18, 2022.

14. By the resolution passed at the 23rd meeting of the Tenth Board of Directors of the Company, it was agreed that the Company would issue the *Commitment on Trademark Authorization* to its holding subsidiary Zhongke

Meiling. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-068) on September 7, 2022.

15. By the resolution passed at the 24th meeting of the Tenth Board of Directors, it was agreed that the Company would donate RMB 1 million for earthquake relief work in Luding County through Mianyang Charity Federation to help the affected people tide over the difficulties and rebuild their homes. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-069 and 2022-070) on September 8, 2022.

16. By the resolutions passed at the 25th meeting of the Tenth Board of Directors and the Fourth Extraordinary General Meeting of Shareholders in 2022, it was agreed that the Company and its subsidiaries would apply for a special credit line for RMB bill pool of maximum RMB 500 million from Hefei Branch of Huaxia Bank Co., Ltd., that of maximum RMB 600 million from Hefei Branch of Hangzhou Bank Co., Ltd., and that of maximum RMB 1 billion from Anhui Branch of Bank of Communications Co., Ltd., with a credit period of one year. The credit lines are mainly used for special business of bill pools, and are pledged by bills. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-081 and 2022-100) October 25, 2022 and December 23, 2022.

17. During the reporting period, the information disclosure media designated by the company were changed from Securities Times, China Securities Journal, Hongkong Commercial Daily and CNINF (www.cninfo.com.cn) to Securities Times, China Securities Journal, and CNINF (www.cninfo.com.cn). Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-082) October 28, 2022.

18. By the resolution passed at the 26th meeting of the Tenth Board of Directors of the Company, it was agreed to appoint Ms. Li Xia as the Chief Compliance Officer of the Company, with the term of office from the date of deliberation and approval by the Board of Directors to the expiration of the term of the Tenth Board of Directors of the Company. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-085 and 2022-086) on November 26, 2022.

19. By the resolution passed at the 27th meeting of the Tenth Board of Directors, the 19th meeting of the Tenth Board of Supervisors and the Fourth Extraordinary General Meeting of Shareholders in 2022, it was agreed that the company would provide a total of RMB 5,690,000,000 of credit guarantee to its wholly-owned and holding subsidiaries in 2023. The guarantee period is one year for the amount renewed in this year and the increased guarantee amount beyond this year. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-091 and 2022-100) on December 7, 2022 and December 23, 2022.

20. By the resolution passed at the 27th meeting of the Tenth Board of Directors of the Company and the Fourth Extraordinary General Meeting of Shareholders in 2022, it was agreed that the Company and its subsidiaries can use their own idle funds of no more than RMB 1.8 billion (which can be used in a rolling way) to invest in bank wealth management products with high safety, good liquidity, low risk and stability within one year. The authorization period is valid within one year from the date of deliberation and approval by the General Meeting of Shareholders of the Company. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-092 and 2022-100)) on December 7, 2022 and December 23, 2022.

21. By the resolution passed at the 27th meeting of the Tenth Board of Directors, 19th meeting of the Tenth Board of Supervisors and the Fourth Extraordinary General Meeting of Shareholders in 2022, it was agreed that the Company and Hefei Branch of Zheshang Bank Co., Ltd. would carry out asset pool business with a total amount of no more than RMB 500 million, with a term of one year starting from the date of deliberation and approval by the General Meeting of Shareholders of the Company. The specific term shall be subject to the term stipulated in the relevant contract finally signed between the Company and Zheshang Bank Co., Ltd. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-087 ,2022-93 and 2022-100)) on December 7, 2022 and December 23, 2022.

XVII. Major event of the subsidiary

√ Applicable □ Not applicable

1. After deliberated and approved by the 16th session of 10th BOD, with purpose of fulfilling the corporate social responsibility, the BOD agreed that subsidiary Zhongke Meiling Cryogenic Technology Co., Ltd endowed the scholarships to 11 well-known domestic universities in 10 years with 5.65 million yuan at most in total, for supporting the development of university education and improving the brand reputation as well as the social image and influences of the Company and its subsidiaries. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-012, No.2022-021 and No.2022-033) on 31 March 2022 and 29 April 2022.

2. After deliberated and approved by the 18th session of 10th BOD, on the basis of strategic planning and business development needs of the controlling subsidiary- Zhongke Meiling Cryogenic Technology Co., Ltd, twins the trend of securities market development in China, agreed to proposed a public offering of shares to unspecified qualified investors under the name of Zhongke Meiling and listing on Beijing Stock Exchange to further improve its governance standards, enhance the capital strength, expanding influence within the industry and heighten its overall competitiveness. On June 24, 2022, a “Letter of Acceptance Completion of the Coaching Work of Shenwan Hongyuan Securities Underwriting Sponsor” issued by Anhui CSRC was received by Zhongke Meiling, the acceptance of coaching work in aspect of public offering of shares to unspecified qualified investors and listing on Beijing Stock Exchange was completed. On June 29, 2022, Zhongke Meiling received a “Notification of Acceptance” (GF2022060060) issued from Beijing Stock Exchange, BSE has formally accepted the application for public offering of shares to unspecified qualified investors and listing on BSE. On August 5, 2022, Beijing Stock Exchange

approved the application of Zhongke Meiling to publicly issue shares to unspecified qualified investors and list them, On September 16, 2022, Zhongke Meiling's application for registration of public offering of shares to unspecified qualified investors was approved by China Securities Regulatory Commission. With the consent of Beijing Stock Exchange, Zhongke Meiling shares were listed on Beijing Stock Exchange on October 18, 2022. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-036, No.2022-038, No.2022-048 , No.2022-050, No.2022-056, No.2022-057, No.2022-058, No.2022-060 2022-072 and 2022-076)) on 18 May 2022, 25 June ,30 June 2022, August 6, 2022 , September 19, 2022 and October 14,2022.

3. By the resolution passed at the 21st meeting of the Tenth Board of Directors, 16th meeting of the Tenth Board of Supervisors and the Third Extraordinary General Meeting of Shareholders in 2022, it was agreed that Zhongke Meiling, a subsidiary of the Company, would publicly issue shares to unspecified qualified investors and list on the Beijing Stock Exchange; It was agreed that Zhongke Meiling, a subsidiary of the Company, would adjust its reserve price in the specific plan of public offering of shares to unspecified qualified investors and listing on the Beijing Stock Exchange, that is, from RMB 17/share to RMB 16/share; It was agreed to the adjusted plan of Zhongke Meiling to publicly issue shares to unspecified qualified investors and list on the Beijing Stock Exchange. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-036, No.2022-056, No.2022-0057 and No.2022-066) on August 3, 2022 and August 20,2022.

4. During the reporting period, Hefei Changhong Meiling Electrical Appliance Co., Ltd., a subsidiary of the Company, received a government subsidy of RMB 6,500,000.00 on September 30, 2022, accounting for 12.52% of the Company's latest audited net profit attributable to shareholders of listed companies. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2022-075) on October 10,2022.

VII .Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

(i) Changes in Share Capital

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Public reserve transfer into share capital	Others	Subtotal	Amount	Proportion
I. Restricted shares	8,442,922	0.81%	0	0	0	-1,250,430	-1,250,430	7,192,492	0.70%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person's shares	1,766,269	0.17%	0	0	0	-625,216	-625,216	1,141,053	0.11%
3. Other domestic shares	5,409,233	0.52%	0	0	0	-625,214	-625,214	4,784,019	0.47%
Including: Domestic legal person's shares	3,884,551	0.37%	0	0	0	-521,012	-521,012	3,363,539	0.33%
Domestic natural person's shares	1,524,682	0.15%	0	0	0	-104,202	-104,202	1,420,480	0.14%
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	1,036,154,959	99.19%	0	0	0	-13,423,736	-13,423,736	1,022,731,223	99.30%
1. RMB ordinary shares	874,558,379	83.72%	0	0	0	+1,250,430	+1,250,430	875,808,809	85.04%
2. Domestically listed foreign shares	161,596,580	15.47%	0	0	0	-14,674,166	-14,674,166	146,922,414	14.26%
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	-14,674,166	-14,674,166	1,029,923,715	100.00%

1. Reasons for share changed

√ Applicable □ Not applicable

(1) In order to maintain the company's image in the capital market and effectively protect the rights and interests of all shareholders, the company repurchased some domestically listed foreign shares (B shares) by means of centralized bidding transactions, and completed the cancellation procedures of the repurchased shares at the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. on March 2, 2022, a total of 14,674,166 shares of the company (B shares) were cancelled, accounting for 1.4048% of the company's total share capital before cancellation. After the cancellation, the total share capital of the company was reduced from 1,044,597,881 shares

to 1,029,923,715 shares.

(2) On June 16, 2022, after the implementation of the company's share structure reform, the thirteenth batch of tradable shares with sales restrictions was lifted and listed for circulation. There were 4 holders of shares lifted from sales restrictions this time, and the number of shares lifted from sales restrictions was 1,250,430 shares, accounting for 0.1214% of the company's total share capital.

2. Approval of share changed

Applicable Not applicable

Matters concerned the company's repurchase of some domestically listed foreign shares (B shares) and the cancellation of the repurchased shares were reviewed and approved at the 40th session of the ninth board of directors, the third extraordinary general meeting of shareholders in 2020, the 11th session of the tenth board of directors, the third extraordinary general meeting of shareholders in 2021, the 16th session of the tenth board of directors, and the 2021 annual general meeting of shareholders of the company which respectively held on July 27, 2020, August 18, 2020, August 24, 2021, September 10, 2021, March 29, 2022 and April 29, 2022.

3. Ownership transfer of share changed

Applicable Not applicable

The company cancelled the repurchased domestically listed foreign shares (B shares) of 14,674,166 shares and completed the cancellation procedures of the repurchased shares at Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. on March 2, 2022.

4. Implementation progress of shares buy-back

Applicable Not applicable

In 2022, the Company realized a net profit of RMB 244,538,734.49 attributable to shareholders of the parent company, and RMB 5,168,286,872.09 attributable to owners' equity of the parent company at the end of the reporting period, based on the initial total share capital of 1,044,597,881 shares, corresponding to earnings per share of RMB 0.2341 and net assets per share of RMB 4.95; based on the ending total share capital of 1,029,923,715 shares, corresponding to earnings per share of RMB 0.2374, and the net assets per share of RMB 5.02.

5. Implementation progress of reducing holdings of shares buy-back by centralized bidding

Applicable Not applicable

(ii) Changes of lock-up stocks

Applicable Not applicable

In Shares

Shareholders	Opening shares restricted	Shares released in Period	Restricted shares increased	Ending shares restricted	Restricted reasons	Date for released
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			in Period			
Zhang Yong	104,202	0	104,202	0	Statutory commitment of the stock reform	2022-6-16
China Life Insurance (Group) Company	416,810	0	416,810	0	Statutory commitment of the stock reform	2022-6-16
China People's Insurance Group Co., Ltd.	625,216	0	625,216	0	Statutory commitment of the stock reform	2022-6-16
Magang Community Resident Committee of Longgang Integrated Economic Development Zone, Hefei	104,202	0	104,202	0	Statutory commitment of the stock reform	2022-6-16
Total	1,250,430	0	1,250,430	0	--	--

II. Securities issuance 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

At the 40th meeting of the Ninth Board of Directors, the 21st meeting of the Ninth Board of Supervisors and the Third Extraordinary General Meeting of Shareholders in 2020 held on July 27 and August 18, 2020, the Proposal on Repurchase of Some Domestic Listed Foreign Shares (B Shares) of the Company was deliberated and passed. In order to continue to implement the B-share repurchase, the Company held the 11th meeting of the Tenth Board of Directors, the 9th meeting of the Tenth Board of Supervisors and the Third Extraordinary General Meeting of Shareholders in 2021 on August 24, 2021 and September 10, 2021, and deliberated and passed the Proposal on Continuing to Implement and Partially Adjust the Plan for Repurchasing Some Domestic Listed Foreign Shares (B-shares) of the Company.

During the reporting period, the Company completed the cancellation procedures of 14,674,166 domestically listed foreign-funded shares (B shares) repurchased. After deliberation and approval at the 2021 Annual General Meeting of Shareholders held on April 28, 2022, the total share capital of the Company was reduced from 1,044,597,881 shares to 1,029,923,715 shares.

(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

Total shareholders at end of the Period	58,165	Total common shareholders at end of last month before annual report disclosed	50,370	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed (if applicable)	0		
Particulars about shares held above 5% by shareholders or top 10 shares holding									
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	Information of shares pledged, tagged or frozen		
							State of share	Amount	
Sichuan Changhong Electric Co., Ltd.	State-owned legal person	24.12%	248,457,724	0	0	248,457,724	-	-	
Hefei Industry Investment Holding (Group) Co., Ltd.	State-owned legal person	4.64%	47,823,401	0	0	47,823,401	-	-	
CHANGHONG (HK) TRADING LIMITED	Foreign legal person	2.63%	27,077,797	0	0	27,077,797	-	-	
Ma Guobin	Domestic nature person	1.63%	16,813,460	+5,706,960	0	16,813,460	-	-	
CAO SHENGCHUN	Foreign nature person	1.43%	14,766,086	0	0	14,766,086	-	-	
Xu Aiyun	Domestic nature person	1.36%	14,038,200	+11,713,300	0	14,038,200	-	-	
Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	Domestic non-state-owned legal person	1.04%	10,733,452	0	0	10,733,452	-	-	
Wang Xinzong	Domestic nature person	0.94%	9,679,840	+5,744,900	0	9,679,840	-	-	
Wang Kai	Domestic nature person	0.62%	6,380,392	+6,380,392	0	6,380,392	-	-	
Philip Securities (H.K.) Co., Ltd.	Foreign legal person	0.61%	6,296,913	0	0	6,296,913	-	-	
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 7 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".								
Description of the above shareholders in relation to delegate/entrusted voting rights and abstention from voting rights.						Not Applicable			
Special note on the repurchase account among the top 10 shareholders (if applicable)						Not Applicable			
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 share	27,077,797
Ma Guobin	16,813,460	RMB ordinary shares	16,813,460
CAO SHENGCHUN	14,766,086	Domestically listed foreign share	14,766,086
Xu Aiyun	14,038,200	RMB ordinary shares	14,038,200
Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	10,733,452	RMB ordinary shares	10,733,452
Wang Xinzhong	9,679,840	RMB ordinary shares	9,679,840
Wang Kei	6,380,392	RMB ordinary shares	6,380,392
Philip Securities (H.K.) Co., Ltd.	6,296,913	Domestically listed foreign share	6,296,913
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, 2022, among the top 10 common shareholders, Ma Guobin holds 14,173,760 shares of the Company through customer credit trading secured account of Founder Securities Co., Ltd., and 2,639,700 shares hold through common securities account, thus 16,813,460 shares of the Company are held in total. The shareholder-Wang Xinzhong holds 9,679,840 shares of the Company through customer credit trading secured account of Sinolink Securities Co., Ltd., The shareholder-Wang Kai holds 6,380,392 shares of the Company through customer credit trading secured account of Sinolink 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	Legal	Dated	Organization	Main business
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shareholders' name	rep./person in charge of unit	founded	code	
Sichuan Changhong Electric Co., Ltd.	Zhao Yong	April 8, 1993	91510700205412308D	<p>Manufacturing of household appliances; Sales of household appliances; Repair of household appliances; Manufacturing of intelligent on-board equipment; Sales of intelligent vehicle equipment; Sales of electronic products; Sales of spare parts for household appliances; Communication equipment manufacturing; Communication equipment sales; General equipment repair; Professional repair of communication transmission equipment; Lighting fixture manufacturing; Sales of lighting appliances; Household goods manufacturing; Sales of household goods; Daily product repair; Manufacturing of computer software, hardware, and peripheral equipment; Retail of computer software and hardware and auxiliary equipment; Wholesale of computer software and hardware and auxiliary equipment; Computer and office equipment maintenance; Manufacturing of special equipment for electrical machinery; Sales of mechanical equipment; Special equipment repair; Manufacturing of mechanical and electrical equipment; Sales of electrical equipment; Sales of electric power facilities and equipment; Manufacturing of refrigeration and air conditioning equipment; Sales of refrigeration and air conditioning equipment; Digital video monitoring system manufacturing; Manufacturing of metal chains and other metal products; Sales of metal products; Repair of metal products; Instrument manufacturing; Sales of instruments and meters; Repair of instruments and meters; Manufacturing of cultural and office equipment; Sales of office supplies; Retail of sports goods and equipment; Wholesale of sports goods and equipment; Stationery retail; Wholesale of stationery supplies; Housing rental; Non residential real estate leasing; Leasing services (excluding licensed leasing services); Integrated circuit design; Integrated circuit sales; Software development; Software sales; Business management consulting; Real estate development and operation; Construction engineering construction; Information technology consulting services; Financial consultation; Sales of chemical products (excluding licensed chemical products); Import and export of goods; Sales of construction materials; Sales of high-performance nonferrous metals and alloy materials; Sales of metal materials; Sales of plastic products; Sales of packaging materials and products; Sales of mechanical and electrical equipment; Sales of metal chains and other metal products; Auto parts retail, auto parts wholesale; Wholesale of electronic components; Retail of electronic components; Category I value-added telecommunications services; Category II value-added telecommunications services; Business agency services; Advertising production; Advertising design and agency; Advertising; Production and operation of radio and television programs; Internet information services; Photography and video production services; Production of audio-visual products; Intelligent unmanned aerial vehicle manufacturing; Sales of intelligent unmanned aerial vehicles; Manufacturing of broadcast and television equipment (excluding broadcast and television transmission equipment); Manufacturing of audio equipment; Sales of audio equipment (ultimately subject to the business scope registered by the industrial and commercial administration authority).</p>
Equity controlling and jointly of other	1. As of December 31, 2022, Sichuan Changhong directly holds 212,994,972 shares of Changhong Huayi Compressor			

foreign/domestic listed company by controlling shareholder in reporting period	<p>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. As of December 2022, Sichuan Changhong directly and indirectly holds 1,990,518,000 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 77.44% of the whole ordinary shares and preferred shares under the name of Changhong Jiahua Holdings Co., Ltd.</p> <p>3. As of December 31, 2022, Sichuan Changhong directly holds 68,000,000 shares of Sichuan Changhong Minsheng Logistics Co., Ltd (stock code:836237)- the company with shares transferring in National Equities Exchange and Quotations, accounting for 70.274% of the equity of Sichuan Changhong Minsheng Logistics Co., Ltd.</p>
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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

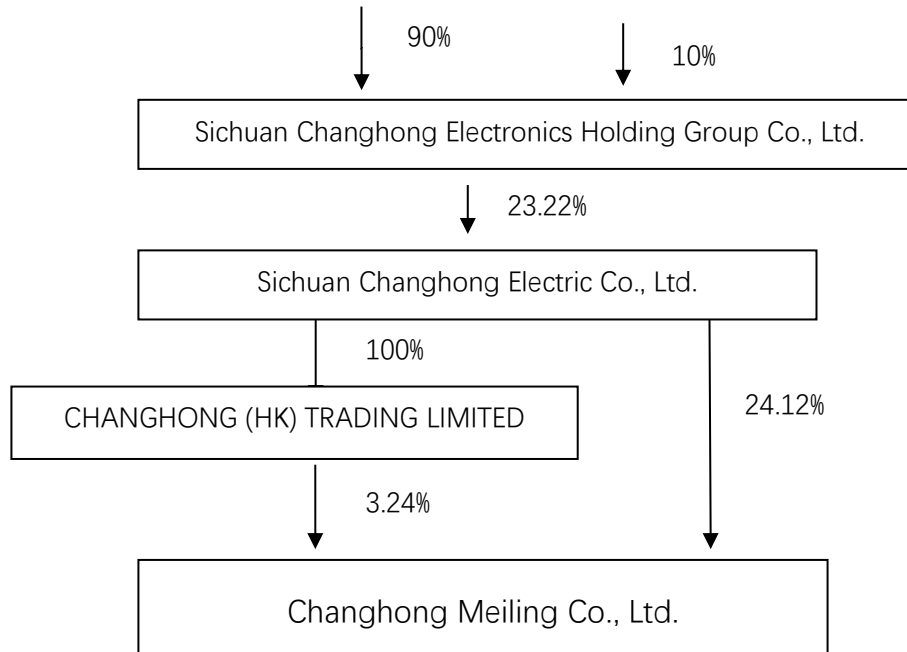
Applicable Not applicable

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 31st December 2022)

State-owned Assets Supervision & Administration Commission of Mianyang

Sichuan Provincial Finance Department



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

Applicable Not applicable

(iv) The total number of shares pledged by controlling shareholders or the first majority shareholder and its persons acting in concert accounts for 80% of the shares held by them

Applicable Not applicable

(v) Other legal person's shareholders with over ten percent shares held 10%.

Applicable Not applicable

(vi) Actual controller controlling the Company by means of entrust or other assets management

Applicable Not applicable

IV. The specific implementation of shares repurchased/buy-back during the reporting period

(i) Implementation progress of shares buy-back

Applicable Not applicable

Scheme disclosure time	Number of shares to be repurchased/buy-back	Percentage of total share capital	Amount to be repurchased/buy-back	Proposed repurchase/buy-back period	Purpose	Quantity repurchased/buy-back (shares)	The ratio of the number of shares repurchased to the underlying shares involved in the equity incentive plan (if applicable)
July 28, 2020 and August 25, 2021	25,074,181 shares, 50,148,363kshares	2.40%-4.80%	Not less than 50 million yuan and not more than 100 million yuan.	August 18, 2020 and February 18, 2022	Buy-back of the B-share will be canceled in accordance with the laws and registered capital of the Company will be reduced accordingly	14,674,166	-

Note: The company's 40th session of the 9thBOD, the 21st session of the 9thBOS, and the 3rd 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. With purpose of continuing the implementation of B-share repurchase, the Continue Implementation and Adjustment Partially of the Repurchase Program of Certain Domestic Listed Foreign Shares (B Share) was deliberated and approved by the 11th session of 10th BOD, 9th session of 10th BOS and Third Extraordinary Shareholders General Meeting of 2021 dated August 24, 2021 and September 10, 2021. Found more on announcement (Notice No.:2020-047, 2020-048, 2020-049, 2020-063, 2020-066, 2020-067, 2020-068, 2020-069 and 2021-075) 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 February 18, 2022, and repurchased 14,674,166 shares of the company by centralized bidding through a dedicated securities account for repurchase, accounting for 1.4048% of the company's total share capital, the highest transaction price was HK\$2.36/share, the lowest transaction price was HK\$1.87/share, and the total amount of self-owned funds paid was HK\$32,558,454.08 (excluding transaction fees such as stamp duty and commission). Cancellation of the aforementioned shares are being completed in Shenzhen Branch of CSDC on March 2, 2022, After deliberation and approval by the Company's 2021 annual General Meeting of shareholders held on April 28, 2022, the total share capital of the Company has been reduced from 1,044,597,881 shares to 1,029,923,715 shares. found more on announcement (Notice No.:2022-011, 2022-033) released on appointed media China Securities Journal, Securities Times, Hong Kong Commercial Daily and Juchao Website.

(ii) Implementation progress of reducing holdings of shares buy-back by centralized bidding

□ Applicable √ Not applicable

VIII. Situation of the Preferred Shares

Applicable Not applicable

The Company had no preferred stock in the Period

IX. Corporate Bond

Applicable Not applicable

X. Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Date for signing the report	March 30,2023
Name of audit institute	Shine Wing Certified Public Accountants (LLP)
Serial of Auditing Report	XYZH/2023CDAA7B0137
Name of CPA	Wang Xiaodong, Tu Xiaofeng

Auditor's Report

XYZH/2023CDAA7B0137

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 2022, 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 2022, 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 2022 and the operating results and cash flow of the Company for Current Year of 2022.

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:

1.Recognition of revenue	
Please refer to note (iv) 30 and note (vi) 48.	
Key audit matters	Audit address
<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) 48 of the financial statement - Operating income and cost, the operating income was RMB20,215,220,192.20 in 2022. 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>1) Understand and evaluate the design and effectiveness of the operation of internal control related to revenue recognition; 2) Check whether the revenue recognition conforms to the provisions of the criteria; 3) Implement analytical review procedures, including analysis of annual, monthly and seasonal revenue fluctuations of major products, changes in major customers, and changes in sales prices and gross margins; 4) 1) Implement detailed test procedures, check the supporting documents related to business revenue recognition, and determine whether the conditions for revenue recognition are met and whether the time point of revenue recognition is correct; 5) For significant accounts receivable balances and the amount of sales revenue recognized during the period, we have implemented a positive letter confirmation procedure to check whether there are significant differences from the book value. For the letter back differences (if any), we have identified the reasons for the differences and implemented further audit procedures; 6) 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; 7) review collection of receivables in subsequent period; 8) make cut-off test and analysis re-review on revenue.</p>
2.Capitalization of development expense	
Please refer to note (iv)21 and note (vi)20	
Key audit matters	Audit address
<p>The development expense occurred for research and development of non-patent technology in 2022 was RMB135,753,117.26, which was capitalized and accounted for as development expense in the consolidated financial statement. Development expense could only be capitalized upon satisfaction of all the capitalization conditions set out in note (iv) 21 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>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, and test the effectiveness of relevant internal control design and operation; 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 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 2022 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, 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: Wang Xiaodong,
(Engagement partner)

Chinese CPA: Tu Xiaofeng

Beijing China

30 March 2023

II. Financial statements

Units in Notes of Financial Statements is RMB

1. Consolidated Balance Sheet

Prepared by CHANGHONG MEILING CO., LTD. December 31, 2022

In RMB

Items	December 31,2022	January 1,2022
Current assets:		
Monetary funds	6,839,421,779.13	5,938,823,396.21
Settlement provisions		
Capital lent		
Trading financial assets	57,660,588.67	17,997,086.19
Derivative financial assets		
Note receivable		2,216,752.22
Account receivable	1,306,871,945.85	1,440,874,691.28
Receivable financing	1,446,358,719.88	1,808,109,301.56
Accounts paid in advance	45,859,491.55	29,766,797.34
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	88,354,803.24	111,652,635.86
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	1,710,306,933.71	1,356,357,419.80
Contractual assets	3,530,922.13	
Assets held for sale		
Non-current asset due within one year	170,167,638.89	
Other current assets	120,589,431.85	124,240,934.45
Total current assets	11,789,122,254.90	10,830,039,014.91
Non-current assets:		
Loans and payments on behalf		
Debt investment	121,543,750.00	
Other debt investment		
Long-term account receivable		
Long-term equity investment	100,384,428.50	86,631,660.53
Investment in other equity instrument		
Other non-current financial assets	628,549,448.31	581,980,440.70
Investment real estate	52,898,060.89	53,149,934.45
Fixed assets	2,229,553,866.96	2,303,122,699.92
Construction in progress	66,522,492.77	98,469,862.45
Productive biological asset		
Oil and gas asset		
Right-of-use assets	36,646,135.10	45,367,918.31
Intangible assets	900,568,008.21	953,403,100.33
Expense on Research and Development	102,148,390.57	87,728,990.86
Goodwill		
Long-term expenses to be apportioned	14,900,600.59	

Deferred income tax asset	156,630,537.43	147,488,353.28
Other non-current asset	893,238.57	3,087,780.59
Total non-current asset	4,411,238,957.90	4,360,430,741.42
Total assets	16,200,361,212.80	15,190,469,756.33
Current liabilities:		
Short-term loans	674,143,916.67	622,874,652.77
Loan from central bank		
Capital borrowed		
Trading financial liability	41,961,524.78	12,304,272.41
Derivative financial liability		
Note payable	4,964,374,512.60	4,839,837,317.78
Account payable	2,917,997,138.00	2,299,103,796.88
Accounts received in advance		
Contractual liability	358,755,397.77	515,004,115.23
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	348,154,915.13	247,044,421.56
Taxes payable	80,287,878.62	141,874,861.88
Other account payable	828,207,568.21	751,452,768.00
Including: Interest payable		
Dividend payable	4,978,994.16	4,753,764.56
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	30,287,099.08	332,718,478.25
Other current liabilities	22,605,269.51	24,373,759.16
Total current liabilities	10,266,775,220.37	9,786,588,443.92
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	148,000,000.00	168,000,000.00
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability	28,164,287.97	33,225,912.15
Long-term account payable	1,145,286.48	1,337,643.24
Long-term wages payable	10,790,859.64	9,828,300.06
Accrual liability	32,685,631.78	11,363,601.63
Deferred income	161,013,911.91	175,664,038.83
Deferred income tax liabilities	12,750,747.30	9,670,435.45
Other non-current liabilities		
Total non-current liabilities	394,550,725.08	409,089,931.36
Total liabilities	10,661,325,945.45	10,195,678,375.28
Owner's equity:		
Share capital	1,029,923,715.00	1,044,597,881.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	2,806,493,904.30	2,682,829,400.26
Less: Inventory shares		26,430,571.38
Other comprehensive income	-20,881,462.63	-20,903,270.57
Reasonable reserve	2,467,205.78	
Surplus public reserve	441,201,471.98	423,111,236.90

Provision of general risk		
Retained profit	909,082,037.66	734,129,724.00
Total owner's equity attributable to parent company	5,168,286,872.09	4,837,334,400.21
Minority interests	370,748,395.26	157,456,980.84
Total owner's equity	5,539,035,267.35	4,994,791,381.05
Total liabilities and owner's equity	16,200,361,212.80	15,190,469,756.33

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

Items	December 31,2022	January 1,2022
Current assets:		
Monetary funds	3,104,218,400.02	3,423,276,377.52
Trading financial assets	21,847,922.36	7,200,222.04
Derivative financial assets		
Note receivable		330,000.00
Account receivable	1,145,561,769.05	1,582,651,896.25
Receivable financing	1,433,254,352.52	1,484,609,403.08
Accounts paid in advance	66,583,414.71	48,212,105.70
Other account receivable	29,903,408.82	40,708,614.68
Including: Interest receivable		
Dividend receivable		
Inventories	463,576,760.77	351,523,851.67
Contractual assets	46,970.75	
Assets held for sale		
Non-current assets maturing within one year	170,167,638.89	
Other current assets	165,510.80	28,957,697.04
Total current assets	6,435,326,148.69	6,967,470,167.98
Non-current assets:		
Debt investment	121,543,750.00	
Other debt investment		
Long-term receivables		
Long-term equity investments	1,856,359,424.33	1,882,557,241.66
Investment in other equity instrument		
Other non-current financial assets	608,527,275.52	581,980,440.70
Investment real estate	3,543,885.11	3,752,737.75
Fixed assets	1,127,344,454.50	1,209,058,847.63
Construction in progress	51,057,550.03	50,287,155.16
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets	16,739,912.26	18,632,705.13
Intangible assets	467,075,020.10	477,739,048.08
Research and development costs	60,386,906.45	44,387,584.10
Goodwill		
Long-term deferred expenses	11,686,542.49	
Deferred income tax assets	125,037,558.04	125,174,589.66
Other non-current assets	638,649.57	638,649.57
Total non-current assets	4,449,940,928.40	4,394,208,999.44

Total assets	10,885,267,077.09	11,361,679,167.42
Current liabilities:		
Short-term borrowings	618,091,666.67	612,863,194.44
Trading financial liability	13,537,472.81	5,766,743.33
Derivative financial liability		
Notes payable	2,230,728,460.34	2,409,104,654.05
Account payable	1,531,945,762.15	1,356,405,016.24
Accounts received in advance		
Contractual liability	121,216,205.12	238,437,143.59
Wage payable	64,869,503.19	42,679,625.89
Taxes payable	20,168,907.95	20,596,813.11
Other accounts payable	708,015,820.72	909,832,533.11
Including: Interest payable		
Dividend payable	4,378,994.16	4,153,764.56
Liability held for sale		
Non-current liabilities due within one year	22,238,340.38	322,202,348.59
Other current liabilities	5,978,477.02	6,703,328.85
Total current liabilities	5,336,790,616.35	5,924,591,401.20
Non-current liabilities:		
Long-term loans	148,000,000.00	168,000,000.00
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability	15,861,027.13	17,114,473.86
Long-term account payable		
Long term employee compensation payable	7,184,302.85	8,760,963.52
Accrued liabilities	7,785,977.55	7,539,547.19
Deferred income	84,762,685.97	82,658,197.54
Deferred income tax liabilities	8,642,999.01	6,131,087.92
Other non-current liabilities		
Total non-current liabilities	272,236,992.51	290,204,270.03
Total liabilities	5,609,027,608.86	6,214,795,671.23
Owners' equity:		
Share capital	1,029,923,715.00	1,044,597,881.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	2,740,508,510.57	2,753,002,178.30
Less: Inventory shares		26,430,571.38
Other comprehensive income		
Special reserve	687,069.38	
Surplus reserve	440,983,306.30	422,893,071.22
Retained profit	1,064,136,866.98	952,820,937.05
Total owner's equity	5,276,239,468.23	5,146,883,496.19
Total liabilities and owner's equity	10,885,267,077.09	11,361,679,167.42

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	2022	2021
I. Total operating income	20,215,220,192.20	18,032,957,501.44
Including: Operating income	20,215,220,192.20	18,032,957,501.44
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	19,895,690,025.90	18,104,531,071.96
Including: Operating cost	17,444,530,235.32	15,869,745,814.47
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	158,529,459.29	129,067,764.08
Sales expense	1,428,874,991.47	1,364,640,404.75
Administrative expense	358,586,472.37	333,588,775.37
R&D expense	560,383,547.49	465,891,096.09
Financial expense	-55,214,680.04	-58,402,782.80
Including: Interest expenses	30,470,512.88	71,229,760.29
Interest income	159,034,499.30	140,024,813.71
Add: Other income	102,556,591.53	108,992,292.09
Investment income (Loss is listed with "-")	33,018,838.80	128,963,968.59
Including: Investment income on affiliated company and joint venture	20,440,095.97	12,422,382.59
The termination of income recognition for financial assets measured by amortized cost	-24,385,552.13	
Exchange income (Loss is listed with "-")		
Net exposure hedging income (Loss is listed with "-")		
Income from change of fair value (Loss is listed with "-")	24,137,501.27	-3,133,939.42
Loss of credit impairment (Loss is listed with "-")	-164,446,765.99	-20,983,896.93
Losses of devaluation of asset (Loss is listed with "-")	-56,496,124.06	-57,484,042.03
Income from assets disposal (Loss is listed with "-")	27,602,023.18	-133,214.72
III. Operating profit (Loss is listed with "-")	285,902,231.03	84,647,597.06
Add: Non-operating income	9,249,343.27	10,022,053.88
Less: Non-operating expense	8,487,764.98	5,154,068.50
IV. Total profit (Loss is listed with "-")	286,663,809.32	89,515,582.44
Less: Income tax expense	9,565,346.81	2,422,928.94
V. Net profit (Net loss is listed with "-")	277,098,462.51	87,092,653.50
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with "-")	277,098,462.51	87,092,653.50
2.termination of net profit (net loss listed		

with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	244,538,734.49	51,898,388.84
2.Minority shareholders’ gains and losses	32,559,728.02	35,194,264.66
VI. Net after-tax of other comprehensive income	184,552.23	615,920.12
Net after-tax of other comprehensive income attributable to owners of parent company	21,807.94	547,813.60
(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	21,807.94	547,813.60
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	21,807.94	547,813.60
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders	162,744.29	68,106.52
VII. Total comprehensive income	277,283,014.74	87,708,573.62
Total comprehensive income attributable to owners of parent Company	244,560,542.43	52,446,202.44
Total comprehensive income attributable to minority shareholders	32,722,472.31	35,262,371.18
VIII. Earnings per share:		
(i) Basic earnings per share	0.2366	0.0497
(ii) Diluted earnings per share	0.2366	0.0497

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	2022	2021
I. Operating income	7,398,328,633.00	7,828,290,567.95
Less: Operating cost	6,720,247,726.04	7,466,472,403.87
Taxes and surcharge	63,202,337.06	43,312,819.31
Sales expenses	189,954,443.11	114,547,496.48
Administration expenses	132,320,693.51	130,167,084.29
R&D expenses	245,429,316.63	191,827,388.68
Financial expenses	-17,219,867.57	-20,256,595.92
Including: Interest expenses	28,128,736.65	57,761,266.90
Interest income	77,631,152.76	81,650,131.24
Add: Other income	31,044,974.74	58,148,812.31
Investment income (Loss is listed with "-")	79,584,251.32	92,743,182.98
Including: Investment income on affiliated Company and joint venture	11,196,374.66	14,597,022.15
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with "-")	-4,767,753.29	
Net exposure hedging income (Loss is listed with "-")		
Changing income of fair value (Loss is listed with "-")	20,986,049.21	187,866.00
Loss of credit impairment (Loss is listed with "-")	-40,156,897.45	-412,613.92
Losses of devaluation of asset (Loss is listed with "-")	-192,559.56	-9,191,483.58
Income on disposal of assets (Loss is listed with "-")	27,531,109.99	14,752.64
II. Operating profit (Loss is listed with "-")	183,190,912.47	43,710,487.67
Add: Non-operating income	2,611,298.85	2,837,084.03
Less: Non-operating expense	2,250,917.85	767,232.46
III. Total Profit (Loss is listed with "-")	183,551,293.47	45,780,339.24
Less: Income tax	2,648,942.71	-21,684,125.42
IV. Net profit (Net loss is listed with "-")	180,902,350.76	67,464,464.66
(i) continuous operating net profit (net loss listed with "-")	180,902,350.76	67,464,464.66
(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	180,902,350.76	67,464,464.66
VII. Earnings per share:		
(i) Basic earnings per share	0.1750	0.0646
(ii) Diluted earnings per share	0.1750	0.0646

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	2022	2021
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	21,089,427,398.84	18,267,890,783.43
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	642,483,547.59	611,293,022.30
Other cash received concerning operating activities	218,923,533.27	243,549,134.14
Subtotal of cash inflow arising from operating activities	21,950,834,479.70	19,122,732,939.87
Cash paid for purchasing commodities and receiving labor service	17,573,333,598.31	16,131,183,801.59
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	1,740,232,680.16	1,643,453,647.47
Taxes paid	516,256,689.43	378,617,838.78
Other cash paid concerning operating activities	655,855,763.74	808,554,393.93
Subtotal of cash outflow arising from operating activities	20,485,678,731.64	18,961,809,681.77
Net cash flows arising from operating activities	1,465,155,748.06	160,923,258.10
II. Cash flows arising from investing activities:		
Cash received from recovering investment	923,322,268.35	1,809,000,000.00
Cash received from investment income	41,956,520.69	27,234,864.16
Net cash received from disposal of fixed, intangible and other long-term assets	78,341,283.79	1,790,401.44
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	161,913,535.52	251,294,914.65
Subtotal of cash inflow from investing activities	1,205,533,608.35	2,089,320,180.25
Cash paid for purchasing fixed, intangible and other long-term assets	276,171,087.23	262,327,894.22
Cash paid for investment	1,300,000,000.00	1,809,000,001.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	135,747,164.72	68,334.39
Subtotal of cash outflow from investing activities	1,711,918,251.95	2,071,396,229.61
Net cash flows arising from investing activities	-506,384,643.60	17,923,950.64
III. Cash flows arising from financing activities:		
Cash received from absorbing investment	368,459,272.52	16,650,992.51
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	368,459,272.52	16,650,992.51
Cash received from loans	1,255,467,515.59	1,669,454,955.26
Other cash received concerning financing activities	23,536,567.33	14,136,579.91
Subtotal of cash inflow from financing activities	1,647,463,355.44	1,700,242,527.68
Cash paid for settling debts	1,522,040,918.37	2,320,384,722.05
Cash paid for dividend and profit distributing or interest paying	109,680,687.85	102,019,282.33
Including: Dividend and profit of minority shareholder paid by subsidiaries	25,417,858.64	1,598,892.00
Other cash paid concerning financing activities	770,652,259.57	28,323,542.28
Subtotal of cash outflow from financing activities	2,402,373,865.79	2,450,727,546.66
Net cash flows arising from financing activities	-754,910,510.35	-750,485,018.98
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	69,166,544.08	-13,697,073.29
V. Net increase of cash and cash	273,027,138.19	-585,334,883.53

equivalents		
Add: Balance of cash and cash equivalents at the period -begin	5,840,194,931.57	6,425,529,815.10
VI. Balance of cash and cash equivalents at the period -end	6,113,222,069.76	5,840,194,931.57

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	2022	2021
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	7,440,766,977.75	6,992,278,846.46
Write-back of tax received	224,205,911.53	367,247,994.85
Other cash received concerning operating activities	75,592,511.92	104,028,498.51
Subtotal of cash inflow arising from operating activities	7,740,565,401.20	7,463,555,339.82
Cash paid for purchasing commodities and receiving labor service	6,385,517,418.45	7,483,098,738.97
Cash paid to/for staff and workers	508,284,706.96	470,465,273.15
Taxes paid	67,235,152.14	44,871,430.22
Other cash paid concerning operating activities	227,845,615.46	265,530,268.75
Subtotal of cash outflow arising from operating activities	7,188,882,893.01	8,263,965,711.09
Net cash flows arising from operating activities	551,682,508.19	-800,410,371.27
II. Cash flows arising from investing activities:		
Cash received from recovering investment	457,300,378.10	1,700,000,000.00
Cash received from investment income	82,054,474.12	27,492,076.57
Net cash received from disposal of fixed, intangible and other long-term assets	78,191,029.45	1,257,706.09
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	82,511,271.70	153,610,973.82
Subtotal of cash inflow from investing activities	700,057,153.37	1,882,360,756.48
Cash paid for purchasing fixed, intangible and other long-term assets	164,617,367.95	166,190,792.44
Cash paid for investment	730,000,000.00	1,735,000,000.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	49,326,025.46	197,627.47
Subtotal of cash outflow from investing activities	943,943,393.41	1,901,388,419.91
Net cash flows arising from investing activities	-243,886,240.04	-19,027,663.43
III. Cash flows arising from financing activities:		
Cash received from absorbing		

investment		
Cash received from loans	1,189,467,515.59	1,659,454,955.26
Other cash received concerning financing activities	3,251,034.56	532,028,797.36
Subtotal of cash inflow from financing activities	1,192,718,550.15	2,191,483,752.62
Cash paid for settling debts	1,502,040,918.37	2,219,678,042.05
Cash paid for dividend and profit distributing or interest paying	81,201,833.46	98,533,426.01
Other cash paid concerning financing activities	264,626,271.90	224,952,054.90
Subtotal of cash outflow from financing activities	1,847,869,023.73	2,543,163,522.96
Net cash flows arising from financing activities	-655,150,473.58	-351,679,770.34
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	19,360,991.70	-11,424,039.40
V. Net increase of cash and cash equivalents	-327,993,213.73	-1,182,541,844.44
Add: Balance of cash and cash equivalents at the period -begin	3,414,961,989.34	4,597,503,833.78
VI. Balance of cash and cash equivalents at the period -end	3,086,968,775.61	3,414,961,989.34

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

Items	2022														Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company															
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal			
	Preferrred stock	Perpetual capital securities	Other													
I. The ending balance of the previous year	1,044,597,881.00				2,682,829,400.26	26,430,571.38	-20,903,270.57		423,111,236.90		734,129,724.00		4,837,334,400.21	157,456,980.84	4,994,791,381.05	
Add: Changes of accounting policy																
Error correction of the last period																
Enterprise combine under the same control																
Other																
II. The beginning balance of the current year	1,044,597,881.00				2,682,829,400.26	26,430,571.38	-20,903,270.57		423,111,236.90		734,129,724.00		4,837,334,400.21	157,456,980.84	4,994,791,381.05	
III. Increase/ Decrease in the period (Decrease is listed with "-")	-14,674,166.00				123,664,504.04	-26,430,571.38	21,807.94	2,467,205.78	18,090,235.08		174,952,313.66		330,952,471.88	213,291,414.42	544,243,886.30	
(i) Total comprehensive income							21,807.94				244,538,734.49		244,560,542.43	32,722,472.31	277,283,014.74	
(ii) Owners' devoted and decreased capital	-14,674,166.00				123,664,504.04	-26,430,571.38							135,420,909.42	205,763,149.35	341,184,058.77	

1.Common shares invested by shareholders	- 14,674,166.00				- 12,493,667.73	- 26,430,571.38							-737,262.35	228,415,223.18	227,677,960.83
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other					136,158,171.77								136,158,171.77	-22,652,073.83	113,506,097.94
(iii) Profit distribution								18,090,235.08		-69,586,420.83			-51,496,185.75	-25,417,858.64	-76,914,044.39
1. Withdrawal of surplus reserves								18,090,235.08		-18,090,235.08					
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)										-51,496,185.75			-51,496,185.75	-25,417,858.64	-76,914,044.39
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								2,467,200					2,467,205.78	223,651.18	2,690,857.00

								5.78					40	.18	
1. Withdrawal in the report period								2,467,205.78					2,467,205.78	223,651.40	2,690,857.18
2. Usage in the report period															
(vi) Others															
IV. Balance at the end of the period	1,029,923,715.00				2,806,493,904.30		-20,881,462.63	2,467,205.78	441,201,471.98		909,082,037.66		5,168,286,872.09	370,748,395.26	5,539,035,267.35

Last Period

In RMB

Items	2021													Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company														
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal		
	Preferred stock	Perpetual capital securities	Other												
I. The ending balance of the previous year	1,044,597,881.00				2,683,837,229.12	9,929,336.18	-21,451,084.17		416,364,790.43	0.00	740,754,202.23		4,854,173,682.43	107,921,283.49	4,962,094,965.92
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. The beginning	1,044,59				2,683,83	9,929,33	-		416,364,		740,754,		4,854,173	107,921,	4,962,09

balance of the current year	7,881.00				7,229.12	6.18	21,451,084.17		790.43		202.23		,682.43	283.49	4,965.92
III. Increase/Decrease in the period (Decrease is listed with “-”)					-	16,501,235.20	547,813.60		6,746,446.47		-		-	49,535,697.35	32,696,415.13
(i) Total comprehensive income							547,813.60				51,898,388.84		52,446,202.44	35,262,371.18	87,708,573.62
(ii) Owners’ devoted and decreased capital					-	16,501,235.20							-	15,872,218.17	-
1. Common shares invested by shareholders					-5,438.39	16,501,235.20							-	15,000,000.00	-
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other					-								-	872,218.17	-
(iii) Profit distribution					1,002,390.47				6,746,446.47		-		-	-	-
1. Withdrawal of surplus reserves									6,746,446.47		58,522,867.07		51,776,420.60	1,598,892.00	53,375,312.60
2. Withdrawal											-				

of general risk provisions															
3. Distribution for owners (or shareholders)											- 51,776,420.60		- 51,776,420.60	- 1,598,892.00	- 53,375,312.60
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. Remediating 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 period	1,044,597,881.00				2,682,829,400.26	26,430,571.38	-20,903,270.57		423,111,236.90		734,129,724.00		4,837,334,400.21	157,456,980.84	4,994,791,381.05

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

Items	2022											Total owners' equity
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	
		Preferred stock	Perpetual capital securities	Other								
I. The ending balance of the previous year	1,044,597,881.00				2,753,002,178.30	26,430,571.38			422,893,071.22	952,820,937.05		5,146,883,496.19
Add: Changes of accounting policy												

Error correction of the last period												
Other												
II. The beginning balance of the current year	1,044,597,881.00				2,753,002,178.30	26,430,571.38			422,893,071.22	952,820,937.05		5,146,883,496.19
III. Increase/Decrease in the period (Decrease is listed with "-")	14,674,166.00				12,493,667.73	26,430,571.38		687,069.38	18,090,235.08	111,315,929.93		129,355,972.04
(i) Total comprehensive income										180,902,350.76		180,902,350.76
(ii) Owners' devoted and decreased capital	14,674,166.00				12,493,667.73	26,430,571.38						-737,262.35
1. Common shares invested by shareholders	14,674,166.00				12,493,667.73	26,430,571.38						-737,262.35
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(iii) Profit distribution									18,090,235.08	-69,586,420.83		-51,496,185.75
1. Withdrawal of surplus reserves									18,090,235.08	-18,090,235.08		
2. Distribution for owners (or										-51,496,185.		-51,496,185.

shareholders)										75		75
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								687,069.38				687,069.38
1. Withdrawal in the report period								687,069.38				687,069.38
2. Usage in the report period												
(vi) Others												
IV. Balance at the end of the period	1,029,923,715.00				2,740,508,510.57			687,069.38	440,983,306.30	1,064,136,866.98		5,276,239,468.23

Last period

Items	2021											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. The ending balance of the previous year	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
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. The beginning balance of the current year	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
III. Increase/Decrease in the period (Decrease is listed with "-")					-135,609.69	16,501,235.20			6,746,446.47	8,941,597.59		-948,800.83
(i) Total comprehensive income										67,464,464.66		67,464,464.66
(ii) Owners' devoted and decreased capital					-135,609.69	16,501,235.20						-16,636,844.89
1.Common shares invested by shareholders					-5,438.39	16,501,235.20						-16,506,673.59
2. Capital invested by holders of other equity instruments												

3. Amount reckoned into owners equity with share-based payment												
4. Other												-130,171.30
(iii) Profit distribution									6,746,446.47	-		-
1. Withdrawal of surplus reserves									6,746,446.47	-		
2. Distribution for owners (or shareholders)										58,522,867.07		51,776,420.60
3. Other										6,746,446.47		
(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 period	1,044,597,881.00				2,753,002,178.30	26,430,571.38			422,893,071.22	952,820,937.05		5,146,883,496.19

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 2022 to 31 December 2022

(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 12th 1992 through [WanTiGaiHanZi (1992) No.039] issued by original Mechanism Reform Committee of Anhui Province. On August 30th 1993, through Anhui Provincial Government [Wanzhenmi (1993) No.166] and re-examination of China Securities Regulatory Commission, the Company made first public issue for 30 million A shares and the Company was listed on Oct. 18th, 1993 in Shenzhen Stock Exchange. On August 13th, 1996, the Company was approved to issue 100 million B shares to investors abroad through [ZhengWeiFa (1996) No.26] issued by China Securities Regulatory Commission. The Company went public in Shenzhen Stock Exchange on August 28th, 1996.

State-owned Assets Supervision & Administration Commission of the State Council approved such transfers with Document Guozi Chanquan (2007) No.253 Reply on Matters of Hefei Meiling Group Holdings Limited Transferring Partial State-owned Ownership, Hefei Meiling Group Holdings Limited (hereinafter referred to 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 referred to as Changhong Group), other 45,000,000 shares to Sichuan Changhong Electric Co. Ltd (hereinafter referred to 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 Hefei 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 signed Agreement on Equity Transfer of Hefei Meiling Co., Ltd with Sichuan Changhong, in which 32,078,846 tradable A-shares with conditional subscription of the Company (accounting for 7.76% in total shares) held by Changhong Group. 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.

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On 24 December 2010, being deliberated and approved in 32nd Session of 6th BOD and 2nd Extraordinary Shareholders' General Meeting of 2010 as well as approval of document [ZJXK (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 Shin Wing CPA Co., Ltd.

On 20 June 2011, the general meeting of the Company considered and approved the 2010 profit distribution plan, namely to distribute cash dividends of RMB0.5 (tax included) plus two shares for every ten shares held by shareholders to all shareholders, based on the total share capital of 530,374,449 shares as of 31 December 2010. The total share capital of the Company upon profit distribution increased to 636,449,338 shares. The capital increase was verified by Anhui Huashen Zhengda Accounting Firm with the verification report WHSZDKYZ (2011) No.141.

On 26 June 2012, the general meeting of the Company considered and approved the 2011 profit distribution and capitalization of capital reserve plan, namely to distribute cash dividends of RMB0.5 (tax included) plus two shares for every ten shares to all shareholders capitalized from capital reserve, based on the total share capital of 636,449,338 shares as of 31 December 2011. The total share capital of the Company upon implementation of capitalization of capital reserve increased to 763,739,205 shares from 636,449,338 shares, and was verified by Anhui Anlian Xinda Accounting Firm with the verification report WALXDYZ (2012) No.093.

On November 18, 2015, considered and approved by the 12th Session of the 8th BOD of the company and the first extraordinary general meeting in 2016, and approved by the document of China Securities Regulatory Commission [CSRC License No. (2016) 1396] "Reply to the approval of non-public offering of shares of Hefei Meiling Co., Ltd.", the company has actually raised funds of 1,569,999,998.84 yuan by non-public offering of no more than 334,042,553 new shares at face value of 1 yuan per share and with issue price no less than 4.70 yuan 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 (LLP).

Since the first repurchase of shares on November 4, 2020, the company had cumulatively repurchased 14,674,166 shares of the company (B shares) in centralized bidding transactions through the special securities account for repurchase until February 18, 2022, and completed the cancellation procedures of the repurchased shares at the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. on March 2, 2022, a total of 14,674,166 shares of the company (B shares) were cancelled, accounting for 1.4048% of the company's total share capital before cancellation. After the cancellation, the total share capital of the company was reduced from 1,044,597,881 shares to 1,029,923,715 shares.

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

From 1 January 2022 to 31 December 2022

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

Ended as December 31, 2022, total share capital of the Company amounting to 1,029,923,715 shares with ordinary shares in full. Among which, 881,733,881 shares of A-share accounting 85.61% in total shares while B-share with 148,189,834 shares accounting 14.38% in total shares. Specific capital structure is as follows:

Type of stock	Quantity	Proportion
(I)Restricted shares	7,192,492	0.70%
1. State-owned shares		
2. State-owned legal person's shares	1,141,053	0.11%
3. Other domestic shares	4,784,019	0.47%
Including: Domestic legal person's shares	3,363,539	0.33%
Domestic natural person's shares	1,420,480	0.14%
4. Foreign shares	1,267,420	0.12%
Including: Overseas legal person's shares		
Overseas natural person's shares	1,267,420	0.12%
(II)Unrestricted shares	1,022,731,223	99.30%
1. RMB Ordinary shares	875,808,809	85.04%
2. Domestically listed foreign shares	146,922,414	14.26%
3. Overseas listed foreign shares		
4. Others		
Total shares	1,029,923,715	100.00%

The Company belongs to the manufacture of light industry, and engaged in the production and sale of refrigerator, freezer and air-conditioner. Unified social credit code of the Company: 9134000014918555XK; Address: No.2163, Lianhua Road, Economy and Technology Development Zone, Hefei City; Legal Representative: Wu Dinggang; register capital (paid-in capital): 1,029,923,715 yuan; 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 with the law can only be operated after approval by relevant departments)

II. Scope of consolidated financial statement

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

From 1 January 2022 to 31 December 2022

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

In the reporting period, the consolidated financial statements of the Company cover 24 subsidiaries, including Sichuan Changhong Air-conditioner Co., Ltd, Zhongshan Changhong Electric Co., Ltd. and Zhongke Meiling Cryogenic Technology Co., Ltd, and the rest. Compared with the previous year, one subsidiary Jinan Xiangyou Electric Appliances Marketing Co., Ltd was decreased in the consolidation scope for liquidation. The Zhengzhou Meiling Electric Appliances Marketing Co., Ltd was decreased for mergers & acquisition.

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 Business 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 Business Enterprise, and reflects the financial condition, operational achievements and cash flow of the Company effectively and completely.

2. Accounting period

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

3. Operation cycle

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

4. Standard currency for accounting

The Company takes RMB as the standard currency for accounting.

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

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

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.

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.

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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.

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

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capital reserve is not sufficient to offset the difference, retained earnings will be adjusted.

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

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

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

The joint venture arrangement of the Company consists of joint controlled entity and joint venture. As for jointly controlled entity, the Company determines the assets held and liabilities assumed separately as a party to the jointly controlled entity, recognizes such assets and liabilities according to its proportion, and recognizes relevant income and expense separately under relevant agreement or according to its proportion. As for asset transaction relating to purchase and sales with the jointly controlled entity which does not constitute business activity, part of the gains and losses arising from such transaction attributable to other participators of the jointly controlled entity is only recognized.

8. Cash and cash equivalents

Cash in the cash flow statement comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, including but not limited to the followings which meet the aforesaid conditions: debt investment matured within three months upon the acquisition date, bank time deposit which can be early withdrawn 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

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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 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.

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(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 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

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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 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.

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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.

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

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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 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

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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) Off-set between the financial assets and liabilities

When the Company has a legal right to offset a recognized financial asset and a financial liability and such legal right is currently enforceable, and the Company plans to settle the financial asset on a net basis or to realize the financial asset and settle the financial liability simultaneously, the financial asset and the financial liability are presented in the balance sheet at their respective offsetting amounts. In addition, the financial assets and financial liabilities are presented in the balance sheet separately, and are not offset against each other.

(8) Derivatives and embedded derivatives

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

(9) Equity instrument

The equity instrument is the contract to prove the holding of the surplus stock of the assets with the deduction

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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 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

(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.

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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.

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

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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 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.

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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 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

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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 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:

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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.

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. Right-of-use assets

Upon becoming a lessee under a lease contract, the Company is entitled to receive substantially all of the economic benefits, arising from the use of the identified assets during the period of use and is entitled to recognized the right-of-use assets at the sum of the present value of the lease liability, prepaid rent and initial

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direct costs, and to recognized the depreciation and interest expenses respectively, when the use of the identified assets dominates during that period of use.

When the Company becomes the lessee of a lease contract, for short-term leases of less than one year without a purchase option and leases with a value of less than 40000 yuan (excluding sublease or expected sublease assets), the Company elects to follow simplified treatment and record the related assets at cost or current gain/loss on a straight-line basis over the lease period.

20. 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.

21. Research and development(R&D)

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

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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.

22. 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 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

23. 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.

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24. 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.

25. Long-term deferred expenses

The company's long-term deferred expenses refer to the expenses that have been paid, but should be borne by the current period and future periods with an amortization period of more than one year (excluding one year), and these expenses are amortized evenly during the benefit period. If the long-term deferred expense item cannot benefit the future accounting period, all the amortized value of the item that has not been amortized will be transferred into the current profit and loss.

26. Staff remuneration

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

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

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

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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.

27. Lease liability

Upon becoming a lessee under a lease contract, the Company recognizes a lease liability for the leased-in asset at the present value of the unpaid lease payments, net of lease incentives (except for short-term leases and leases of low-value assets for which simplified treatment is elected), when it is entitled to receive substantially all of the economic benefits arising from the use of the identified asset during the period of use and is entitled to dominate the use of the identified asset during that period of use.

28. 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.

29. Special reserve

The work safety expense extracted according to the regulations will be included in the cost of related products or the current profit and loss, and also included in the special reserve; When used, it will be treated separately according to whether fixed assets are formed or not: if it is an expense expenditure, the special reserve will be directly offset; If the fixed assets are formed, the expenses incurred shall be collected, and the fixed assets shall be confirmed when the predetermined usable state is reached, and at the same time, the equivalent special reserve shall be offset and the equivalent accumulated depreciation shall be confirmed.

30. Revenue

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

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of the goods or services promised by each individual performance obligation on the date of the contract. The 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;

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- 4) The Company has transferred the principal risks and rewards of ownership of the goods to the customer;
- 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 an 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.

31. 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.

32. 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), no corresponding

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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.

33. Lease

When the Company becomes the lessee of the lease contract, has the right to obtain almost all the economic benefits arising from the use of the identified assets during the period of use, and has the right to lead the use of the identified assets during the period of use, the present value of unpaid lease payments of the lease assets after deducting lease incentives (except for short-term leases and leases of low-value assets for which simplified treatment is selected) is recognized as a lease liability, and a right-of-use asset is recognized based on the sum of the present value of the lease liability, prepaid rent, and initial direct costs, and depreciation and interest expenses are recognized separately.

When the Company becomes the lessee of a lease contract, for short-term leases of less than one year without a purchase option and leases with a value of less than 40,000 yuan (excluding sublease or expected sublease assets), the Company elects to follow simplified treatment and record the related assets at cost or current gain/loss on a straight-line basis over the lease period.

When the Company becomes the lessor of a lease contract, it classifies the lease into an operating lease and a finance lease at the lease commencement date. A finance lease is a lease that transfers substantially all the risks and rewards associated with the ownership of an asset. Operating leases are leases other than finance leases. Rentals under operating leases are recognized as income on a straight-line basis over the lease term. Finance leases are recorded at the net lease investment value of the finance lease receivable, which is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received as of the commencement date of the lease term.

There are both leasing and non-leasing businesses in the contract and can be split, and the leasing business is financially accounted according to the lease standards. There are both leasing and non-leasing businesses in the contract and cannot be split, and the entire contract is included in the lease business for financial accounting according to the lease standards.

The lease change needs to be judged whether it can be recognized as a single leasing business, and it needs to be recognized separately if it meets the recognition conditions of a single lease; if it does not meet the recognition of a single leasing business, or there is a major event or change within the controllable range of the lessee, re-evaluate and measure the present value of lease liabilities, and adjust the book value of the right-of-use asset accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the lessee shall include the remaining amount in the corresponding expenses

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for the current period.

When the Company becomes the lessor of a lease contract, the lease is divided into operating lease and finance lease on the start date of lease. A finance lease is a lease that transfers substantially all the risks and rewards associated with ownership of an asset. An operating lease refers to a lease other than finance leases. The rent of an operating lease is recognized as income on a straight-line basis during the lease term. For a finance lease, the net investment in the lease is regarded as the entry value of the finance lease receivables, and the net investment in the lease is the sum of the unguaranteed residual value and the present value of the lease receipts that have not been received on the start date of the lease term.

34. 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 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.

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(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 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.

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35. 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.

36. 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.

37. 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.

38. Explanation on significant accounting estimation

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

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

(1) Inventory impairment provision

The Company's provision for impairment of inventories on the balance sheet date is the part of the net

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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 expenses for future period.

(5) Projected liabilities arising from product quality guarantee

The Company commits to repair the major spare parts of refrigerators sold through go-to-countryside promotion activity for free for ten years. As to the maintenance expenses that may be increased arising from such commitment, the Company has provided projected liabilities.

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Taking into account the various uncertainties during the ten years, the Company considers no discount factor of such projected liabilities. Instead, the Company reviews the parameters (probability, proportion, maintenance expense per single set) based on the actual occurrence of maintenance expenses as of each balance sheet date. If obvious change is found, the Company will adjust the projected liabilities according to the latest parameters so as to reflect the best estimation.

39. 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.

40. Change of significant accounting policies and accounting estimates

(1) Change of significant accounting policy

N/A

(2) Change of significant accounting estimates: N/A

V. Taxation

1. Major taxes and tax rates

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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 surcharge	Turnover tax	2%
Corporate income tax	Taxable income	15%,20%,25%,22%,29%、30%
House Property Tax	Original Book value of house property×(1-30%)or annual rent income	1.2% or12%
Land use tax	Actual land area used	1 yuan/M ² to 15 yuan/M ²

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.	20%
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 Appliance Co., Ltd.	15%
Sichuan Changhong Air-conditioner Co., Ltd.	15%
Hebei Hongmao Daily Appliance Technology Co., Ltd.	15%
Anhui Tuoxing Technology Co., Ltd.	20%
Guangzhou Changhong Trading Co., Ltd.	20%
Anhui Ling'an Medical Equipment Co., Ltd	20%
Hefei Meiling Wulian Technology Co., Ltd	15%
Hefei Changhong Meiling Life appliance Co., Ltd.	15%
CH-Meiling International (Philippines) Inc.	30%
ChanghongRuba Trading Company (Private) Limited	29%
CHANGHONG MEILING ELECTRIC INDONESIA,PT	22%

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-

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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 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.

(4) Subsidiary Mianyang Meiling Refrigeration 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.

(5) The subsidiary Guangdong Changhong Meiling Ridian Technology Co., Ltd. has passed the qualification of high-tech enterprise certification on 22 December 2022, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

(6) The subsidiary Hong Yuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd. has passed the qualification of high-tech enterprise certification on 22 December 2022, 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 18 September 2021, 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 4 November 2022, 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 Hebei Hongmao Daily Appliance Technology Co., Ltd. has passed the qualification of high-tech enterprise certification on 18 September 2021, and enjoys 15% income tax rate for national payroll technology enterprise for three years term.

(11) The subsidiary Anhui Tuoxing Technology Co., Ltd., Anhui Ling’an Medical Equipment Co., Ltd., Hefei Meiling Wulian Technology Co., Ltd., Guangzhou Changhong Trading Co., Ltd. are in compliance with the relevant standards for small and medium-sized enterprises with meager profits in the “Notice on matters related to the implementation of preferential income tax policy to support the development of small & medium-size enterprise and individual entrepreneurs” (Guoshui [2021] No. 8) and “Notice on Further Implementation of Preferential Income Tax Policies for Small & Micro Enterprises (No.: 13 of 2022)” of the Ministry of Finance and the State Administration of Taxation, and temporarily implements below policies: the part of annual taxable

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income that does not exceed one million yuan is included in taxable income by 12.5% after a reduction, and corporate income tax is paid at a tax rate of 20%, valid until December 31, 2022; while the part of annual taxable income exceeds one million yuan but not exceeding three million yuan is included in taxable income by 25% after a reduction, and corporate income tax is paid at a tax rate of 20%, which is valid until December 31, 2024.

(12) The subsidiary Hebei Meiling Wulian Technology Co., Ltd. has passed the qualification of high-tech enterprise certification on 18 September 2021, and enjoys 15% income tax rate for national payroll technology enterprises for three years term.

(13) The subsidiary Hebei Changhong Meiling Life Appliance Co., Ltd. has passed the qualification of high-tech enterprise certification on 18 November 2022, and enjoys 15% income tax rate for national payroll technology enterprise for three years term.

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, 2022; “year-end” refers to Dec. 31, 2022; “Current Year” refers to Jan. 1 to Dec. 31, 2022; “the last year” refers to Jan. 1 to Dec. 31, 2021; the currency is RMB.

1. Monetary fund

Item	Balance at year-end	Balance at year-begin
Cash	21,243.42	28,447.21
Bank deposit	6,119,260,150.47	5,121,110,089.59
Other Monetary fund	712,717,808.79	805,215,921.34
Interest receivable on deposit	7,422,576.45	12,468,938.07
Total	6,839,421,779.13	5,938,823,396.21
Including: total amount deposited in overseas	9,295,065.32	8,156,154.33
Total use of restricted funds	718,777,132.92	86,159,526.57

Other monetary fund:

Item	Balance at year-end	Balance at year-begin
Cash deposit	712,177,743.52	776,959,862.25
B share repurchase		20,526,874.41
Frozen money		6,603,675.00
Co-managed account funds	506,171.40	504,702.66
Taobao account		74,572.96
Union Pay online	33,893.87	546,234.06
Total	712,717,808.79	805,215,921.34

(1) At the end of the year, the funds deposited in Sichuan Changhong Group Finance Co., Ltd. (hereinafter

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referred to as "Changhong Finance Company", a non-bank financial institution approved by China Banking Regulatory Commission (CBRC) [YJF (2013) No.423]) were converted into functional currency, totaling RMB 3,464,999,932.49, of which RMB 1,934,680,000.00 was time deposit, RMB 1,043,509,526.87 was current deposit, and RMB 486,810,405.62 was the earnest money.

(2) The restricted monetary funds are the earnest money of RMB 712,177,743.52, the restricted balance of the co-management account of RMB 506,171.40, and the bank deposit of RMB 6,093,218.00 frozen due to litigation.

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	57,660,588.67	17,997,086.19
Including: Derivative financial assets	57,660,588.67	17,997,086.19

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		2,216,752.22
Less: Bad debt provision		
Book value		2,216,752.22

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

N/A

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

Item	Amount of accounts receivable transferred at year-end
Bank acceptance	300,000.00
Trade acceptance	85,254,715.65
Total	85,254,715.65

(4) By accrual of bad debt provision

Category	Amount at year-begin				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
With bad debt provision accrual on single item	2,216,752.22	100.00			2,216,752.22
Including: Bank acceptance	2,216,752.22	100.00			2,216,752.22

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From 1 January 2022 to 31 December 2022

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Category	Amount at year-begin				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
With bad debt provision accrual on portfolio					
Including: Trade acceptance					
Total	2,216,752.22	100.00			2,216,752.22

1) Note receivable withdrawal bad debt provision on single item

Name	Balance at year-begin			
	Book balance	Bad debt provision	Provision ratio (%)	Provision reason
Bank acceptance	2,216,752.22			Minimal risk, holding maturity acceptance
Total	2,216,752.22			

(2) Bad debt provision of note receivable that has been accrued, withdrawn, and reversed this year

N/A

(3) No note receivable actually written off in this year

N/A.

4. Account receivable

(1) Category of account receivable by bad debt accrual

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	781,312,227.18	49.90	140,035,432.60	17.92	641,276,794.58
Including: current payment with related party	651,212,122.14	41.60	111,191,911.65	17.07	540,020,210.49
Account receivable with letter of credit	70,940,571.45	4.53			70,940,571.45
Account receivable with single minor amount but withdrawal single item bad debt provision	59,159,533.59	3.77	28,843,520.95	48.76	30,316,012.64
Account receivable withdrawal bad debt provision by portfolio	784,251,607.97	50.10	118,656,456.70	15.13	665,595,151.27
Including: account receivable of engineering customers	201,410,848.70	12.87	24,773,169.64	12.30	176,637,679.06
Receivables other than engineering customers	582,840,759.27	37.23	93,883,287.06	16.11	488,957,472.21
Total	1,565,563,835.15	100.00	258,691,889.30	16.52	1,306,871,945.85

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Category	Amount at year-begin				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Account receivable that withdrawal bad debt provision by single item	822,475,594.55	53.40	25,372,653.49	3.08	797,102,941.06
Including: current payment with related party	754,228,757.41	48.97	4,149,753.85	0.55	750,079,003.56
Account receivable with letter of credit	47,023,937.50	3.05			47,023,937.50
Account receivable with single minor amount but withdrawal single item bad debt provision	21,222,899.64	1.38	21,222,899.64	100.00	
Account receivable withdrawal bad debt provision by portfolio	717,853,201.83	46.60	74,081,451.61	10.32	643,771,750.22
Including: account receivable of engineering customers	191,420,885.49	12.43	15,308,246.27	8.00	176,112,639.22
Receivables other than engineering customers	526,432,316.34	34.17	58,773,205.34	11.16	467,659,111.00
Total	1,540,328,796.38	100.00	99,454,105.10	6.46	1,440,874,691.28

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 receivables, 90 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)	46,445,327.67		
More than 3 months and less than 6 months (6 months included)	18,955,344.03		
Over 6 months and within one year (One year included)	42,492,137.30		
Over one year - within 2 years (2 years included)	73,286,167.38	14,657,233.48	20.00
Over 2 years - within 3 years (3 years included)	20,231,872.32	10,115,936.16	50.00
Over 3 years			100.00
Total	201,410,848.70	24,773,169.64	

Continued

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Account age	Balance at year-begin		
	Book balance	Bad debt provision	Provision ratio (%)
Within 3 months (3 months included)	47,442,159.78		
More than 3 months and less than 6 months (6 months included)	66,786,580.82		
Over 6 months and within one year (One year included)	24,376,909.49		
Over one year - within 2 years (2 years included)	38,592,189.76	7,718,437.95	20.00
Over 2 years - within 3 years (3 years included)	13,266,474.64	6,633,237.32	50.00
Over 3 years	956,571.00	956,571.00	100.00
Total	191,420,885.49	15,308,246.27	

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)	388,904,609.29	3,889,046.09	1.00
More than 3 months and less than 6 months (6 months included)	27,600,654.77	2,760,065.48	10.00
Over 6 months and within one year (One year included)	11,098,413.19	2,219,682.64	20.00
Over one year - within 2 years (2 years included)	136,495,488.03	68,247,744.02	50.00
Over 2 years - within 3 years (3 years included)	9,874,225.80	7,899,380.64	80.00
Over 3 years	8,867,368.19	8,867,368.19	100.00
Total	582,840,759.27	93,883,287.06	

Continued

Account age	Balance at year-begin		
	Book balance	Bad debt provision	Provision ratio (%)
Within 3 months (3 months included)	299,994,550.94	2,999,945.51	1.00
More than 3 months and less than 6 months (6 months included)	68,972,844.55	6,897,284.46	10.00
Over 6 months and within one year (One year included)	126,004,879.57	25,200,975.91	20.00
Over one year - within 2 years (2 years included)	12,130,576.34	6,065,288.17	50.00
Over 2 years - within 3 years (3 years included)	8,598,768.25	6,879,014.60	80.00
Over 3 years	10,730,696.69	10,730,696.69	100.00

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Account age	Balance at year-begin		
	Book balance	Bad debt provision	Provision ratio (%)
Total	526,432,316.34	58,773,205.34	

(2) By account age

Account age	Balance at year-end	Balance at year-begin
Within 3 months (3 months included)	839,113,924.70	1,081,226,013.94
More than 3 months and less than 6 months (6 months included)	319,861,920.01	162,654,138.54
Over 6 months and within one year (One year included)	94,045,030.09	179,880,109.29
Over one year - within 2 years (2 years included)	241,992,516.95	63,134,405.85
Over 2 years - within 3 years (3 years included)	32,346,833.25	23,736,943.93
Over 3 years	38,203,610.15	29,697,184.83
Total	1,565,563,835.15	1,540,328,796.38

(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	99,454,105.10	165,423,701.32	2,834,795.58	1,307,424.41	2,043,697.13	258,691,889.30
Total	99,454,105.10	165,423,701.32	2,834,795.58	1,307,424.41	2,043,697.13	258,691,889.30

(4) Account receivable actually written-off in Current Year: 1,307,424.41 yuan.

(5) Top five receivables collected by arrears party amounting to 800,614,365.63 yuan in total, accounted for 51.14% of the receivables of current year-end, the bad debt provision accrual correspondingly amounting to 141,110,475.64 yuan at year-end balance.

(6) Account receivable terminated recognition due to the transfer of financial assets of 4, 4,808,159,143.67 yuan.

(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	1,446,358,719.88	1,808,109,301.56
Total	1,446,358,719.88	1,808,109,301.56

(1) Notes receivable already pledged that presented in receivables financing at the end of the year:

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Item	Amount pledged at year-end	Amount pledged at year-begin
Bank acceptance	405,400,483.49	385,477,263.99

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. 65. 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	869,341,485.89	
Total	869,341,485.89	

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	39,700,777.69	86.57	28,208,857.49	94.77
1-2 years	5,042,628.29	11.00	1,557,939.85	5.23
2-3 years	1,116,085.57	2.43		
Over 3 years				
Total	45,859,491.55	100.00	29,766,797.34	100.00

(2) Top 5 of account paid in advance in balance at year-end amounting to 38,269,243.31 yuan, accounted for 83.45% of the account.

7. Other account receivable

Item	Balance at year-end	Balance at year-begin
Other account receivable	88,354,803.24	111,652,635.86
Total	88,354,803.24	111,652,635.86

(1) Category of other account receivable

Nature	Book balance at year-end	Book balance at year-begin
Export rebate	13,304,094.59	26,634,190.54
Cash deposit	53,876,630.71	70,481,345.37
Loans of employee's pretty cash	19,142,320.86	12,299,111.06
Related party not in consolidation statement	716,725.90	718,189.14
Advance money temporary	3,122,122.93	355,045.58

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Nature	Book balance at year-end	Book balance at year-begin
Other	1,174,866.78	2,289,144.60
Total	91,336,761.77	112,777,026.29

(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. 2022		1,074,390.43	50,000.00	1,124,390.43
Book balance of other account receivable in Current Year as at 1 Jan. 2022	—	—	—	—
--Transfer to the second stage				
-- Transfer to the third stage				
-- Reversal to the second stage				
-- Reversal to the first stage				
Provision in Current Year		616,626.62	1,241,233.63	1,857,860.25
Reversal in Current Year				
Conversion in Current Year				
Write off in Current Year				
Other change		292.15		292.15
Balance as at 31 Dec. 2022		1,690,724.90	1,291,233.63	2,981,958.53

(3) By account age

Account age	Balance at year-end	Balance at year-begin
Within 3 months (3 months included)	32,703,626.46	50,798,283.74
More than 3 months and less than 6 months (6 months included)	3,033,052.73	15,511,159.70
Over 6 months and within one year (One year included)	9,242,123.46	7,875,791.66
Over one year - within 2 years (2 years included)	16,985,265.38	28,844,885.97
Over 2 years - within 3 years (3 years included)	22,359,916.12	4,113,598.75
Over 3 years	7,012,777.62	5,633,306.47
Total	91,336,761.77	112,777,026.29

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

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Name	Nature	Balance at year-end	Account age	Proportion in total other receivables ending balance (%)	Bad debt provision Balance at year-end
Unit I	Tax rebate	13,304,094.59	Within 3 months	14.57	
Unit II	Cash deposit	8,780,849.40	2-3 years	9.61	
Unit III	Cash deposit	5,320,000.00	6 months-1 year	5.82	
Unit IV	Cash deposit	3,541,093.00	1-2 years	3.88	
Unit V	Cash deposit	2,044,912.00	1-2 years,2-3 years	2.24	
Total	—	32,990,948.99		36.12	

(5) No other account receivable involved government subsidies

(6) No other receivables terminated recognition due to the transfer of financial assets

(7) No assets and liability transfer other receivables and continues to involve

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	174,848,711.84	6,676,011.97	168,172,699.87
Stock commodities	938,676,768.88	48,374,183.50	890,302,585.38
Low value consumable articles	2,653,770.39	871,871.72	1,781,898.67
Goods in transit	578,924,325.36	6,074,817.77	572,849,507.59
Goods-in-process	7,901,880.53		7,901,880.53
Contract performance cost	41,622,651.08		41,622,651.08
Deferred expense for mould	27,675,710.59		27,675,710.59
Total	1,772,303,818.67	61,996,884.96	1,710,306,933.71

Continued

Item	Amount at year-begin		
	Book balance	Inventory price decline provision/contract performance cost impairment provision	Book value
Raw materials	129,438,627.36	8,482,723.94	120,955,903.42
Stock commodities	828,837,153.50	51,052,406.21	777,784,747.29
Low value consumable articles	5,564,313.19	954,827.34	4,609,485.85
Goods in transit	295,059,984.05	8,068,827.90	286,991,156.15

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Item	Amount at year-begin		
	Book balance	Inventory price decline provision/contract performance cost impairment provision	Book value
Goods-in-process	5,351,870.75		5,351,870.75
Contract performance cost	123,275,655.95	241,230.88	123,034,425.07
Deferred expense for mould	37,629,831.27		37,629,831.27
Total	1,425,157,436.07	68,800,016.27	1,356,357,419.80

(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	8,482,723.94	2,876,381.98		4,683,093.95		6,676,011.97
Stock commodities	51,052,406.21	25,372,422.96		28,031,476.43	19,169.24	48,374,183.50
Goods in transit	8,068,827.90	12,499,860.40		14,493,870.53		6,074,817.77
Low value consumable articles	954,827.34	800,167.21		883,122.83		871,871.72
Contract performance cost	241,230.88			241,230.88		
Total	68,800,016.27	41,548,832.55		48,332,794.62	19,169.24	61,996,884.96

(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. Contract assets

(1) Contract assets

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Warranty	4,301,610.03	770,687.90	3,530,922.13			
Total	4,301,610.03	770,687.90	3,530,922.13			

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(2) Provision for impairment of contract asset in the Period

Items	Accrual	Withdrawal or reversal	Resale or write-off	Reason
Bad debt provision	770,687.90			
Total	770,687.90			

10. Non-current assets coming due within one year

Items	Balance at year-end	Balance at year-begin
Debt investment due within one year	170,167,638.89	
Total	170,167,638.89	

11. Other current assets

Item	Balance at year-end	Balance at year-begin
Value-added tax to be deducted	39,540,856.28	110,346,536.34
Advance payment of income tax	22,673,762.88	6,114,297.55
Contract acquisition cost	5,654,727.03	7,740,783.12
Prepaid disability insurance		39,317.44
Held to maturity fixed deposits	50,559,479.17	
Local sales tax in Pakistan	1,269,125.78	
Other	891,480.71	
Total	120,589,431.85	124,240,934.45

12. Creditor's rights investment

Items	Balance at year-end			Balance at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Large certificates of deposit	121,543,750.00		121,543,750.00			
Total	121,543,750.00		121,543,750.00			

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13. 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		
Associated companies											
1.Hefei Xingmei Assets Management Co., Ltd.	19,835,366.84			5,133,209.60			5,069,400.00			19,899,176.44	
2.Sichuan Zhiyijia Network Technology Co., Ltd. ^{note1}	34,084,025.62			17,766,153.99						51,850,179.61	
3.Hong Yuan Ground Energy Heat Tech. Co., Ltd. ^{note2}	20,630,114.17			-3,611,072.36						17,019,041.81	
4.Sichuan Tianyou Guigu Technology Co., Ltd. ^{note3}	2,974,188.94			136,392.93						3,110,581.87	
5.Chengdu Guigu Environmental Tech. Co., Ltd. ^{note4}	9,107,964.96			-602,516.19						8,505,448.77	
6.ChanghongRuba ElectricCompany(Private)Ltd. ^{note5}											
7.Hefei Xinmei Solar Energy Technology Co., Ltd. ^{note6}				1,617,928.00			1,617,928.00				
Total	86,631,660.53			20,440,095.97			6,687,328.00			100,384,428.50	

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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 Zhiyijia with shareholding ratio up to 50%.

Note 2: subsidiary Sichuan Changhong Air Conditioner Co., Ltd (“Changhong Air Conditioner”) and Hengyou yuan Technology Development Group Co., Ltd. (“Hengyou yuan”) cooperated to establish Hong Yuan 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 Hengyou yuan 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. In November 2015, Jiangsu Runye Investment Co., Ltd. transferred all its 10% shares to Sichuan Shuye Jiachen Real Estate Development Co., Ltd.; Chengdu Dongyu Shangmao Co., Ltd made capital contribution of 15 million yuan, accounting for 15% of the registered capital. In November 2015, Chengdu Dongyu Shangmao Co., Ltd. transferred all its 15% shares to Chengdu Dongyu No. 1 Enterprise Management Consulting Partnership (Limited Partnership). 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

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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, 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 10 million yuan. Subsidiary Hefei Meiling Group Holdings Limited invested 3.1114 million yuan, accounting for 31.114% of the registered capital; Hefei Huayi Investment Co., Ltd. invested 4.972 million yuan, accounting for 49.72% of the registered capital; Hefei Xingtai Asset Management Co., Ltd. invested 1.9166 million yuan, accounting for 19.166% of the registered capital.

14. Other non-current financial assets

Item	Ending balance	Opening balance
Sichuan Changhong Group Finance Co., Ltd.	542,489,224.37	532,961,488.43
Sichuan Hongyun New-Generation Information technology Venture Capital Fund Partnership (limited partnership)	41,015,878.36	44,018,952.27
Changhong Group Sichuan Shenwan Hongyuan Strategic New Industrial Parent Fund Partnership (limited partnership)	40,044,345.58	
Huishang Bank Co., Ltd.	5,000,000.00	5,000,000.00
Total	628,549,448.31	581,980,440.70

15. Investment real estate

(1) Investment real estate measured at costs

Item	House and buildings	Total
I.Original book value		
1.Balance at year-begin	60,688,532.10	60,688,532.10
2.Increase in this year	1,672,611.37	1,672,611.37
(1) Construction in progress transfer-in	1,672,611.37	1,672,611.37
3.Decrease in this year		
4.Balance at year-end	62,361,143.47	62,361,143.47
II.Accumulated depreciation and accumulated amortization		
1.Balance at year-begin	7,538,597.65	7,538,597.65
2.Increase in this year	1,924,484.93	1,924,484.93
(1)Provision or amortization	1,924,484.93	1,924,484.93

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Item	House and buildings	Total
3. Decrease in this year		
4. Balance at year-end	9,463,082.58	9,463,082.58
III. Impairment provision		
IV. Book value		
1. Ending book value	52,898,060.89	52,898,060.89
2. Opening book value	53,149,934.45	53,149,934.45

(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	2,516,796.28		3,278,221.44

(4) Investment real estate without property certification held

Item	Book value	Reasons for failing to complete property rights certificate
J04workshop	27,608,901.81	Related property rights in procedure
J03workshop	19,079,284.46	Related property rights in procedure
J20 air compressor station workshop	1,363,379.03	Related property rights in procedure
J18 opening and closing office	659,781.87	Related property rights in procedure
Total	48,711,347.17	

16. Fixed assets

Item	Ending book value	Opening book value
Fixed assets	2,197,260,683.20	2,227,247,182.81
Disposal of fixed assets	32,293,183.76	75,875,517.11
Total	2,229,553,866.96	2,303,122,699.92

16.1 Fixed assets

(1) Fixed assets

Item	House and buildings	Machinery equipment	Transport equipment	Other equipment	Total
I. Original book value					
1. Balance at year-begin	1,688,670,197.57	1,768,708,568.16	34,465,918.34	220,259,731.03	3,712,104,415.10
2. Increase in this year	33,406,770.15	153,890,428.61	2,587,362.39	25,744,754.19	215,629,315.34
(1) Purchase		10,837,230.20	1,006,678.43	10,194,005.47	22,037,914.10

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Item	House and buildings	Machinery equipment	Transport equipment	Other equipment	Total
(2)Construction in progress transfer-in	33,373,719.95	143,053,198.41	1,580,683.96	15,550,748.72	193,558,351.04
(3)Transfer-in of investment real estate	33,050.20				33,050.20
3.Decrease in this year	9,747,521.00	57,250,084.45	2,845,166.13	2,505,563.86	72,348,335.44
(1)Dispose or retirement	5,603,921.90	42,214,384.32	2,664,851.21	2,055,258.85	52,538,416.28
(2)Construction in progress transfer-in		15,030,137.37			15,030,137.37
(3)Decreased for change of foreign rate			157,015.92	434,772.35	591,788.27
(4)Temporary estimated decrease	4,143,599.10	5,562.76	23,299.00	15,532.66	4,187,993.52
4.Balance at year-end	1,712,329,446.72	1,865,348,912.32	34,208,114.60	243,498,921.36	3,855,385,395.00
II.Accumulated depreciation					
1.Balance at year-begin	404,141,977.35	959,058,685.14	22,160,271.70	98,094,721.61	1,483,455,655.80
2.Increase in this year	53,765,144.15	147,665,734.13	2,950,782.94	17,461,192.40	221,842,853.62
(1)Accrual	53,765,144.15	147,665,734.13	2,950,782.94	17,461,192.40	221,842,853.62
3.Decrease in this year	2,650,171.03	42,412,485.79	2,664,973.20	1,515,760.22	49,243,390.24
(1)Dispose or retirement	2,650,171.03	38,300,533.73	2,538,022.63	1,234,274.34	44,723,001.73
(2)Construction in progress transfer-in		4,111,952.06			4,111,952.06
(3)Decreased for change of foreign rate			126,950.57	281,485.88	408,436.45
4.Balance at year-end	455,256,950.47	1,064,311,933.48	22,446,081.44	114,040,153.79	1,656,055,119.18
III.Impairment provision					
1.Balance at year-begin		1,260,961.87		140,614.62	1,401,576.49
2.Increase in this year		479,025.48		868,678.48	1,347,703.96
(1)Accrual		479,025.48		868,678.48	1,347,703.96
3.Decrease in this year		679,687.83			679,687.83
(1)Dispose or retirement		679,687.83			679,687.83
4.Balance at year-end		1,060,299.52		1,009,293.10	2,069,592.62
IV.Book value					
1.Ending book value	1,257,072,496.25	799,976,679.32	11,762,033.16	128,449,474.47	2,197,260,683.20
2. Opening book value	1,284,528,220.22	808,388,921.15	12,305,646.64	122,024,394.80	2,227,247,182.81

The new fixed assets in this year mainly due to the 193,558,351.04 yuan transfer from construction in process; decrease of the fixed assets in Current Year mainly including assets dispose for retirement.

(2) Fixed assets temporary idle at year-end.

Name	Original book value	Accumulated depreciation	Impairment provision	Book value
Machinery equipment	1,854,020.67	572,676.72		1,281,343.95

(3) Particular about mortgage of investment property at period-end

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Name	Original book value	Accumulated depreciation	Impairment provision	Book value
House and buildings	477,550,851.88	141,937,109.02		335,613,742.86

(4) Fixed assets leased through operating lease at year-end

Item	Original book value	Accumulated depreciation	Impairment provision	Book value
House and buildings	73,601,326.58	27,839,014.41		45,762,312.17
Machinery equipment	20,976,176.45	11,004,856.14		9,971,320.31
Other equipment	3,656,583.85	2,116,349.54		1,540,234.31
Total	98,234,086.88	40,960,220.09		57,273,866.79

(5) Fixed assets without property certificate

Item	Book value	Reason of not complete the property certificate
J07 electrical workshop	45,375,230.35	Related property rights in procedure
Testing and experiment center building	37,237,821.41	Related property rights in procedure
J02workshop	29,190,459.80	Related property rights in procedure
J05 evaporator and condenser workshop	28,110,866.40	Related property rights in procedure
J01workshop	27,055,773.54	Related property rights in procedure
II section canteen of living area	19,789,611.05	Related property rights in procedure
J06 central air-conditioner workshop	19,088,777.67	Related property rights in procedure
J50finished product warehouse	16,815,043.83	Related property rights in procedure
J51finished product warehouse	16,315,303.77	Related property rights in procedure
J53finished product warehouse	12,379,999.25	Related property rights in procedure
J52finished product warehouse	11,828,694.49	Related property rights in procedure
J54finished product warehouse	11,570,819.46	Related property rights in procedure
J52finished product warehouse	10,667,872.77	Related property rights in procedure
J55finished product warehouse	10,667,872.77	Related property rights in procedure
J09raw material warehouse	6,470,467.03	Related property rights in procedure
J10raw material warehouse	5,000,532.72	Related property rights in procedure
J11raw material warehouse	4,926,148.78	Related property rights in procedure
J08 packing materials warehouse	4,487,267.91	Related property rights in procedure
4# makeshift shelter	4,341,369.51	Related property rights in procedure
J17 chemical storage	1,536,669.90	Related property rights in procedure
J15 house of refrigerant forklift	1,505,865.19	Related property rights in procedure

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Item	Book value	Reason of not complete the property certificate
J16 chemical storage	1,240,156.69	Related property rights in procedure
J19 main guard room	367,877.97	Related property rights in procedure
J19A guard room	195,165.44	Related property rights in procedure
J19D guard room	143,412.11	Related property rights in procedure
J19E guard room	143,412.11	Related property rights in procedure
Total	326,452,491.92	

(6) No fixed assets held for sale at year-end

16.2 Disposal of fixed assets

Item	Amount at year-end	Amount at year-begin	Reasons for disposal transferred
Relevant assets disposal for reserved lands	32,293,183.76	75,875,517.11	Relocation for land reserve

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

Pursuant to the urban planning requirements of Hefei Municipal Government and the Government of Feidong county, the land reserve center of Feidong county will purchase and store the land use right of an economic development zone located at Feidong county, Hefei city, which is owned by the Company's subordinate companies, Equator 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.

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17. Construction in progress

Item	Balance at year-end	Balance at year-begin
Construction in progress	66,522,492.77	98,469,862.45
Total	66,522,492.77	98,469,862.45

(1) Details of construction in progress

Items	Amount at year-end			Amount at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Industrial Internet Changhong Meiling Promotion Project	13,041,733.93		13,041,733.93	10,480,730.43		10,480,730.43
Comprehensive renovation project of mixed flow of rainwater and sewage in freezer park and living area	6,995,545.89		6,995,545.89	4,385,756.91		4,385,756.91
Meiling extrusion line relocation and capacity expansion project	6,938,682.02		6,938,682.02	3,875,215.73		3,875,215.73
Multi-door shell molding line	5,053,126.87		5,053,126.87			
Front-end expansion project of Hefei base with an annual output of 10 million refrigerator cabinets	3,242,813.99		3,242,813.99	16,686,639.69		16,686,639.69
Freeze lining structure changed to bottom package side	2,886,521.55		2,886,521.55			
Commercial kitchen refrigerator cabinet project	2,627,743.25		2,627,743.25			
Comprehensive renovation project of mixed flow of rainwater and sewage in freezer park and living area	2,597,950.95		2,597,950.95			
Laboratory investment projects	2,384,325.39		2,384,325.39			
Door lining to homemade phase I project	2,328,292.80		2,328,292.80			
Supporting production equipment of washing machine	1,919,823.02		1,919,823.02			
Large refrigerator low boiling point foaming equipment renovation project	1,652,011.04		1,652,011.04			
Accident emergency pool construction project	1,539,361.49		1,539,361.49			
Refrigerator park 35 kV substation construction project	1,273,661.54		1,273,661.54			
Zhongshan Changhong technical transformation project	615,619.91		615,619.91	4,530,389.50		4,530,389.50
Liquid nitrogen tank production line construction project	560,521.11		560,521.11	6,778,105.41		6,778,105.41
Meiling PLM project	237,168.14		237,168.14	1,636,792.46		1,636,792.46

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Items	Amount at year-end			Amount at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
21 years of Manufacturing System Automation Project (Phase I)	186,700.00		186,700.00	13,973,307.43		13,973,307.43
Efficiency improvement of refrigerator cabinet	182,748.20		182,748.20	4,704,867.17		4,704,867.17
Overseas product upgrade supporting box shell line, door shell line and some old product competitiveness improvement projects				3,731,036.22		3,731,036.22
Washing machine business unit MES system online project				2,457,735.83		2,457,735.83
The third floor testing and packaging line technical transformation project				2,707,964.62		2,707,964.62
2022 capacity and capability improvement of the manufacturing system in Air Conditioning Company				6,419,964.72		6,419,964.72
Other petty projects	10,258,141.68		10,258,141.68	16,101,356.33		16,101,356.33
Total	66,522,492.77		66,522,492.77	98,469,862.45		98,469,862.45

(2) Changes in significant construction in progress

Projects	Book balance at period-begin	Increase in Current Period	Transfer to fixed assets in Current Period	Other decrease	Book balance at period-end	Source of funds
Front-end expansion project of Hefei base with an annual output of 10 million refrigerator cabinets	16,686,639.69	11,894,104.36	24,996,337.13	341,592.93	3,242,813.99	Self-raised

(Continued)

Projects	Budget (in 10 thousand Yuan)	Proportion of project investment in budget	Progress	Accumulated amount of interest capitalization	including: interest capitalized amount of Current Period	Interest capitalization rate of Current Period
Front-end expansion project of Hefei base with an annual output of 10 million refrigerator cabinets	4,121.24	76.76%	80.00%			

18. Right-of-use assets

Item	House and buildings	Total
I. Original book value		
1. Balance at year-begin	54,071,205.97	54,071,205.97

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Item	House and buildings	Total
2.Increase in this year	4,251,772.98	4,251,772.98
(1) Rent in	4,251,772.98	4,251,772.98
3. Decrease in this year		
4.Balance at year-end	58,322,978.95	58,322,978.95
II.Accumulated depreciation		
1.Balance at year-begin	8,703,287.66	8,703,287.66
2. Increase in this year	12,973,556.19	12,973,556.19
(1)Accrual	12,973,556.19	12,973,556.19
3. Decrease in this year		
4.Balance at year-end	21,676,843.85	21,676,843.85
III.Impairment provision		
1.Balance at year-begin		
2. Increase in this year		
3. Decrease in this year		
4.Balance at year-end		
IV.Book value		
1.Ending book value	36,646,135.10	36,646,135.10
2. Opening book value	45,367,918.31	45,367,918.31

The Company accrual the depreciation on right-of-use assets from the commencement date of the lease period.

Depending on use of the assets, amount of accrual will included in costs of relevant assets or current gain/loss.

19. Intangible assets

(1) Intangible assets

Item	Land use right	Trademark special right	Non-patent technology	Other	Total
I.Original book value					
1.Balance at year-begin	869,724,297.57	283,292,439.34	549,144,800.67	137,253,797.42	1,839,415,335.00
2.Increase in this year			92,927,348.72	31,128,053.22	124,055,401.94
(1)Purchase			443,152.20	1,339,017.35	1,782,169.55
(2) Internal research			91,544,681.68	29,789,035.87	121,333,717.55
(3) Other			939,514.84		939,514.84
3.Decrease in this year	4,925,680.89		4,280,328.88	8,594,198.29	17,800,208.06
(1) Disposal	4,925,680.89		4,280,328.88	161,699.32	9,367,709.09
(2)Other decreases				8,432,498.97	8,432,498.97
4.Balance at year-end	864,798,616.68	283,292,439.34	637,791,820.51	159,787,652.35	1,945,670,528.88
II.Accumulated					

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Item	Land use right	Trademark special right	Non-patent technology	Other	Total
amortization					
1.Balance at year-begin	198,473,939.86	283,292,439.34	348,547,882.12	27,185,807.78	857,500,069.10
2.Increase in this year	18,409,649.29		105,404,686.91	27,431,849.23	151,246,185.43
(1)Accrual	18,409,649.29		105,404,686.91	27,431,849.23	151,246,185.43
3.Decrease in this year	1,924,297.31		4,280,328.88	3,042,638.92	9,247,265.11
(1) Disposal	1,924,297.31		4,280,328.88	161,699.32	6,366,325.51
(2)Other decreases				2,880,939.60	2,880,939.60
4.Balance at year-end	214,959,291.84	283,292,439.34	449,672,240.15	51,575,018.09	999,498,989.42
III.Impairment provision					
1.Balance at year-begin			24,003,670.24	4,508,495.33	28,512,165.57
2.Increase in this year			9,816,696.96	7,274,668.72	17,091,365.68
(1)Accrual			9,816,696.96	7,274,668.72	17,091,365.68
3.Decrease in this year					
4.Balance at year-end			33,820,367.20	11,783,164.05	45,603,531.25
IV.Book value					
1.Ending book value	649,839,324.84		154,299,213.16	96,429,470.21	900,568,008.21
2. Opening book value	671,250,357.71		176,593,248.31	105,559,494.31	953,403,100.33

The intangible assets resulted from internal research takes 6.24% 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 2022, mortgage of intangible assets is as follows:

Name	Property certificate serials	Area(M ²)	Net book value	Note
Land use right	HGYJCZi No.: 0121	27,120.22	16,458,756.38	
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	225,610,852.00	
Land use right	Wan (2019) Property right of Feixi County No.:0061435/0061445	33,383.10	12,874,419.41	
Land use right	Wan (2019) Property right of Feixi County No.:0061456/0061447/0061438/0061440/0061452/0061450/0061430/0061657	82,850.51	17,746,814.19	
Total		620,903.86	272,690,841.98	

20. Development expense

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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	39,938,415.03	76,886,830.15		12,267,035.45	62,796,725.61		41,761,484.12
Technology development for refrigerator	47,790,575.83	81,812,957.17		10,679,634.61	58,536,991.94		60,386,906.45
Total	87,728,990.86	158,699,787.32		22,946,670.06	121,333,717.55		102,148,390.57

21. 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
Total	3,553,367.77					3,553,367.77

(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
Total	3,553,367.77					3,553,367.77

Note: The Company's goodwill has been fully accrued for impairment reserves at year-end.

22. Long-term prepaid expenses

Item	Opening balance	Increase this period	Amortization for the period	Other decreases	Ending balance
Long-term unamortized expenses		16,371,531.79	1,470,931.20		14,900,600.59
Total		16,371,531.79	1,470,931.20		14,900,600.59

23. Deferred tax assets and deferred tax liabilities

(1) Deferred income tax assets without the offset

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Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deferred income tax assets recognized from assets impairment	220,654,506.50	33,098,175.98	145,988,355.30	21,966,046.25
Deferred income tax assets recognized from accrual liability	12,624,332.22	1,893,649.84	11,363,601.65	1,704,540.25
Deferred income tax assets recognized from Dismission welfare	9,072,708.08	1,360,906.21	11,268,982.33	1,690,347.35
Deferred income tax assets recognized from deferred income	100,794,535.00	15,119,180.24	110,534,463.54	16,580,169.53
Deferred income tax assets recognized from ir-reparable losses	684,314,381.95	102,647,157.29	695,409,549.32	104,311,432.40
Deferred income tax assets recognized for development expenditure	5,632,939.75	844,940.96		
Accrued income tax assets	8,718,636.16	1,666,526.91	8,238,783.30	1,235,817.50
Total	1,041,812,039.66	156,630,537.43	982,803,735.44	147,488,353.28

(2) Deferred income tax liabilities without the offset

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liability	Taxable temporary differences	Deferred income tax liability
Recognized by fixed assets depreciation	27,362,815.80	4,104,422.37	23,595,650.26	3,539,347.53
Recognized by changes in fair value	57,642,166.20	8,646,324.93	40,873,919.41	6,131,087.92
Total	85,004,982.00	12,750,747.30	64,469,569.67	9,670,435.45

(3) Details of unrecognized deferred income tax assets

Item	Ending balance	Opening balance
Deductible temporary difference	168,621,827.52	94,823,765.42
Deductible loss	1,068,180,146.62	1,075,371,859.07
Total	1,236,801,974.14	1,170,195,624.49

24. Other non-current assets

Item	Ending balance	Opening balance
Prepaid equipment, engineering, etc.	893,238.57	3,087,780.59
Total	893,238.57	3,087,780.59

25. Short-term loans

(1) Classification of short-term loans

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Category	Ending balance	Opening balance
Guaranteed loan	55,000,000.00	5,000,000.00
Loan in credit	619,000,000.00	615,000,000.00
Interest payable	143,916.67	2,874,652.77
Total	674,143,916.67	622,874,652.77

(2) Short-term loans overdue: N/A.

26. Trading financial liability

Item	Balance at year-end	Balance at year-begin
Trading financial liability	41,961,524.78	12,304,272.41
Including: Derivative financial liability	41,961,524.78	12,304,272.41

27. Note payable

Type	Balance at year-end	Balance at year-begin
Bank acceptance	4,814,889,712.60	4,663,885,311.94
Trade acceptance	149,484,800.00	175,952,005.84
Total	4,964,374,512.60	4,839,837,317.78

28. Account payable

(1) Account payable

Item	Amount at year-end	Amount at year-begin
Total	2,917,997,138.00	2,299,103,796.88
Including: Amount aged over 1 year	60,523,652.84	94,640,539.62

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

29. Contract liabilities

Item	Balance at year-end	Balance at year-begin
Total	358,755,397.77	515,004,115.23
Including: Amount aged over 1 year	29,823,819.05	17,740,130.48

30. Wages payable

(1) Category

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
Short-term compensation	241,024,057.25	1,728,274,699.13	1,646,267,687.42	323,031,068.96

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Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
After-service welfare- defined contribution plans	2,495,637.65	120,586,262.52	102,585,475.85	20,496,424.32
Dismiss welfare	3,524,726.66	6,455,245.61	5,352,550.42	4,627,421.85
Total	247,044,421.56	1,855,316,207.26	1,754,205,713.69	348,154,915.13

(2) Short-term compensation

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
Wages, bonuses, allowances and subsidies	234,141,842.08	1,557,982,762.44	1,480,276,525.45	311,848,079.07
Welfare for workers and staff	100,023.78	44,847,702.18	44,545,169.14	402,556.82
Social insurance	1,151,987.24	52,120,731.25	48,052,032.64	5,220,685.85
Including: Medical insurance	1,080,480.56	48,302,600.73	44,571,328.90	4,811,752.39
Work injury insurance	10,353.31	3,507,503.01	3,192,679.70	325,176.62
Maternity insurance	61,153.37	310,627.51	288,024.04	83,756.84
Housing accumulation fund	4,861,802.68	69,569,530.45	69,315,982.27	5,115,350.86
Labor union expenditure and personnel education expense	768,401.47	3,753,972.81	4,077,977.92	444,396.36
Total	241,024,057.25	1,728,274,699.13	1,646,267,687.42	323,031,068.96

(3) Defined contribution plans

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
Basic endowment insurance	759,812.44	116,403,111.82	98,947,118.98	18,215,805.28
Unemployment insurance	1,735,825.21	4,183,150.70	3,638,356.87	2,280,619.04
Total	2,495,637.65	120,586,262.52	102,585,475.85	20,496,424.32

31. Tax payable

Item	Balance at year-end	Balance at year-begin
Value-added tax	30,277,729.74	93,229,596.44
Enterprise income tax	1,822,555.65	3,665,806.85
Individual income tax	4,799,031.61	2,593,701.11
Urban maintenance and construction tax	9,544,272.36	8,227,864.32
Real estate tax	3,658,985.41	3,758,773.24

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Item	Balance at year-end	Balance at year-begin
Land use tax	1,431,191.08	1,550,831.89
Educational surtax	6,850,511.36	4,932,682.07
Stamp tax	3,654,400.08	3,798,892.56
Construction fund of Water Conservancy Projects	668,948.01	606,448.87
Treatment fund for abandon electrics & electronics	17,508,786.00	18,489,806.00
Other	71,467.32	1,020,458.53
Total	80,287,878.62	141,874,861.88

32. Other account payable

Item	Balance at year-end	Balance at year-begin
Dividend payable	4,978,994.16	4,753,764.56
Other account payable	823,228,574.05	746,699,003.44
Total	828,207,568.21	751,452,768.00

32.1 Dividend payable

Item	Balance at year-end	Balance at year-begin
The People's Insurance Company (Group) of China Limited	432,607.23	432,607.23
Hefei Branch of Bank of China	391,245.50	360,506.00
Hefei Collective Industrial Associatio	391,244.89	360,505.44
Provincial trust and investment company Wuhu office	312,996.42	288,404.82
China Life Insurance Group Co., Ltd.	288,404.82	288,404.82
BOC- Fullgoal Tianyi Securities Investment Fund	153,697.50	153,697.50
Other units	3,008,797.80	2,869,638.75
Total	4,978,994.16	4,753,764.56

32.2 Other account payable

(1) Other account payable by nature

Nature	Balance at year-end	Balance at year-begin
Accrued expenses (expenses occurred without reimbursed)	344,028,624.89	364,248,335.74
Receivables received temporary and deducted temporary	13,166,091.61	26,847,048.85
Deposit, margin	174,331,550.53	148,778,715.05
Not the come-and-go with related parties in statement scope	278,716,366.01	187,411,658.83
Other	12,985,941.01	19,413,244.97

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Nature	Balance at year-end	Balance at year-begin
Total	823,228,574.05	746,699,003.44

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

33. 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	20,211,488.89	320,520,933.33
Long term account payable due within one year		173,499.29
Lease liabilities due within one year	10,075,610.19	12,024,045.63
Total	30,287,099.08	332,718,478.25

34. Other current liabilities

Item	Balance at year-end	Balance at year-begin
Pending sales tax	21,970,126.59	23,388,239.94
Factoring fees payable	635,142.92	785,519.22
Bill recovery		200,000.00
Total	22,605,269.51	24,373,759.16

35. Long term borrowings

(1) Category of long term borrowings

Category	Amount at year-end	Amount at year-begin
Loan in mortgage	148,000,000.00	168,000,000.00
Total	148,000,000.00	168,000,000.00

(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 ^{note1}	2020/3/26	2026/11/25	RMB	4.405%	98,000,000.00	98,000,000.00
EIBC (Export-Import Bank) Anhui Province Branch ^{note2}	2019/12/23	2026/11/25	RMB	4.105%	50,000,000.00	70,000,000.00
Total					148,000,000.00	168,000,000.00

Note 1: The Company signed the "Loan Contract (Promoting the Opening-up of Loans in China - Fixed Assets)" with the Export-Import Bank of China Anhui Branch, the Company's fixed assets and intangible assets are used as mortgage for a long-term loan under the contract. And withdrawal of 98,000,000.00 yuan on March 26, 2020.

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The term of the loan is from March 26, 2020 to November 25, 2026, the interest rate of the loan is determined according to the market quotation rate of the loan with a term of more than 5 years reduced by 0.195%, which fluctuates annually, and the amount of the loan is 98,000,000.00 yuan. The balance at the end of the year is RMB 98,000,000.00.

Note 2: The Company signed the "Loan Contract (Promoting the Opening-up of Loans in China - Fixed Assets)" with the Export-Import Bank of China Anhui Branch, the Company's investment real estate, fixed assets and intangible assets are used as mortgage for the loan. The term of the loan is from December 23, 2019 to November 25, 2026, the interest rate of the loan is determined according to the market quotation rate of the loan with a term of more than 5 years reduced by 0.195%, which fluctuates annually, and the amount of the loan is 100,000,000.00 yuan. According to the repayment plan agreed with the bank, the Company has repaid 30,000,000.00 yuan. It plans to repay 10,000,000.00 yuan on June 25, 2023 and repay 10,000,000.00 yuan on December 25, 2023, a total of 20,000,000.00 yuan has been reclassified to non-current liabilities due within one year. The balance at the end of the year is RMB 50,000,000.00.

36. Lease liability

Item	Balance at year-end	Balance at year-begin
Lease liability	28,164,287.97	33,225,912.15
Total	28,164,287.97	33,225,912.15

37. Long-term payable

Item	Balance at year-end	Balance at year-begin
Special payable	1,145,286.48	1,337,643.24
Total	1,145,286.48	1,337,643.24

37.1 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 Changhong	1,337,643.24		192,356.76	1,145,286.48	Technology plan project in Zhongshan City

38. Long-term wage payable

Item	Balance at year-end	Balance at year-begin
Dismissal welfare	10,790,859.64	9,828,300.06
Total	10,790,859.64	9,828,300.06

According to the internal early retirement policy, the long-term payable dismissal welfare bears by the Company up to year-end amounting to 10,790,859.64 yuan

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39. Accrual liability

Item	Balance at year-end	Balance at year-begin	Reason
Product quality guarantee ^{note1}	30,965,097.36	9,170,710.48	Guarantee of product
Guarantee fund for quality service ^{note1}		399,861.15	Guarantee of product
Litigation matters ^{note2}	1,720,534.42	1,793,030.00	
Total	32,685,631.78	11,363,601.63	

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 2022, the accrual liability that have not been anticipated has written-off in Current Year, actually 370,244.39 yuan written-off.

Note2 In November 2021, Zhejiang Teruisi Pharmaceutical Inc. filed a lawsuit against Zhongke Meiling for the "Cold Storage Design, Equipment Purchase and Installation Construction Contract". At present, the court is organizing a third-party organization to conduct quality assurance for the objects under the contract. Zhongke Meiling intends to maintain the cold storage project, and the estimated maintenance cost is 1,793,030.00 yuan.

40. Deferred income

(1) Classification of deferred income

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end	Reason
Government subsidies---subsidies of development project	139,155,085.63	14,263,200.00	25,925,065.87	127,493,219.76	
Government subsidies---subsidies of Relocation	36,508,953.20		2,988,261.05	33,520,692.15	
Total	175,664,038.83	14,263,200.00	28,913,326.92	161,013,911.91	

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(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	42,607,594.97		7,518,987.36		35,088,607.61	Assets related
Demolition compensation of Changhong Meiling	36,104,113.24		2,583,421.09		33,520,692.15	Assets related
Centre for external cooperation of the environmental protection	7,687,368.20		1,031,509.06		6,655,859.14	Assets related
Key chip and module for transducer used and detection capacity building	7,600,000.00		633,333.35		6,966,666.65	Assets related
Adaptability improvement on new coolants production	7,094,945.01		2,364,981.72		4,729,963.29	Assets related
Subsidy for industrial development policy from Hefei for first half of 2018	6,544,000.00		1,250,000.00		5,294,000.00	Assets related
Changhong Air Conditioner- relocation of production base and upgrading & expansion	6,497,777.76		1,146,666.72		5,351,111.04	Assets related
District-level subsidy funds for advanced manufacturing policies in the first half of 2021	5,595,843.75		479,643.75		5,116,200.00	Assets related
Advanced Manufacturing Policy Municipal Award in the first half of 2020	5,222,875.00		166,780.89		5,056,094.11	Assets related
Subsidy for industrial development policy from Hefei for second half of 2019	4,471,375.00		894,275.00		3,577,100.00	Assets related
Special fund, government subsidy CZ059001	4,200,000.00				4,200,000.00	Assets related
20-year subsidy for advancing technological transformation projects	4,108,758.34		535,925.00		3,572,833.34	Assets related
Policy funds for manufacturing a strong province, subsidy for equipment for the technological transformation of industrial strong base	3,125,000.00		625,000.00		2,500,000.00	Assets related
2021 manufacturing strong provincial policy subsidy funds	3,056,250.00		261,964.29		2,794,285.71	Assets related
RESEARCH AND APPLICATION OF THE VISA (VARIABLE FREQUENCY VOLUME INTEGRATED INTELLIGENT AIR-CONDITIONER)	3,053,488.40		1,409,302.32		1,644,186.08	Assets related
Subsidy for industrial development policy from Hefei for first	3,005,983.33		434,600.00		2,571,383.33	Assets related

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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
half of 2020						
Government subsidy for new plant construction - industrialization of cryogenic refrigeration equipment	2,791,666.67		500,000.00		2,291,666.67	Assets related
Subsidies for intelligent transformation & upgrading of enterprises from the new industrialization policy in economic development zone	2,675,064.58		605,675.00		2,069,389.58	Assets related
2020 supporting funds to support the innovation and development of artificial intelligence industry	2,437,500.00		208,928.58		2,228,571.42	Assets related
2020 fund allocation for Anhui Province's triple innovation project	2,369,791.67		325,000.00		2,044,791.67	Assets related
Research and application of the MCU chip for inverter control	2,300,000.00		1,150,000.00		1,150,000.00	Assets related
Special funds for strategic emerging industry and high-end growth industry	1,896,551.72		413,793.00		1,482,758.72	Assets related
Industrialization of intelligent white household appliances software platform and typical application research and development	1,575,757.60		727,272.72		848,484.88	Assets related
Equipment subsidy for the industrial base technical renovation from Economic and Information Commission	1,312,083.33		235,000.00		1,077,083.33	Assets related
Upgrade project for the production line of Mianyang Meiling Intelligent Refrigerator	1,119,166.76		197,499.96		921,666.80	Assets related
Subsidy from Zhongshan Finance Bureau (CZ028001 provincial special project 2019)	1,092,060.21		305,646.49		786,413.72	Assets related
Subsidy for equipment purchasing for Hefei Tech. Improvement project in 2017	1,000,310.00		179,160.00		821,150.00	Assets related
Subsidy for purchase of R & D instruments and equipment	699,992.68		182,112.52		517,880.16	Assets related
Promotion of the energy-saving room air conditioner	648,453.69		210,309.24		438,144.45	Assets related
Emerging Industry Base Fund Support Item	613,608.25		76,701.04		536,907.21	Assets related
Robot policy-rewards for purchasing robots	485,031.26		70,125.00		414,906.26	Assets related
Promoting the new industry (annual output of 0.6 million medium& large volume environmental protection and energy saving freezer)	456,618.69		304,412.52		152,206.17	Assets related

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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
Demolition compensation of Jiangxi Meiling	404,839.96		404,839.96			Assets related
Special fund for technical improvement	380,238.04		103,809.60		276,428.44	Assets related
Special fund for technical improvement	355,708.62		95,810.44		259,898.18	Assets related
Technical transformation of refrigerator evaporator workshop	333,437.50		60,625.00		272,812.50	Assets related
2018 Zhongshan Special fund for industrial development	292,650.70		77,992.32		214,658.38	Assets related
Technical transformation subsidy	177,438.37		31,780.00		145,658.37	Assets related
Refrigerator evaporator production workshop	128,229.27		29,033.03		99,196.24	Assets related
Technical renovation of air conditioner production line	94,758.27		60,510.05		34,248.22	Assets related
Subsidy for the development on production line technical reform for green-friendly high-quality metal pipe	47,707.99		40,892.59		6,815.40	Assets related
In the first half of 2022, advanced manufacturing policy urban level subsidies		11,028,800.00	689,300.00		10,339,500.00	Assets related
21 District-level high-quality development policy (the second batch) award and subsidy funds		1,791,700.00			1,791,700.00	Assets related
Provincial promotion of air conditioning production line upgrading technical transformation project		1,385,600.00	284,759.38		1,100,840.62	Assets related
Policy subsidies for advanced manufacturing industry in the second half of 2021		57,100.00	5,947.93		51,152.07	Assets related
Total	175,664,038.83	14,263,200.00	28,913,326.92		161,013,911.91	

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41. Share capital

Items	Balance at year-begin	Change during the year(+, -)				Balance at year-end
		New shares issued	Shares transferred from capital reserve	Other	Subtotal	
Total shares	1,044,597,881.00			-14,674,166.00	-14,674,166.00	1,029,923,715.00

Note: This year's decrease is the cancellation of 14,674,166 B shares.

42. Capital reserve

Item	Amount at year-begin	Increase this year	Decrease this year	Amount at year-end
Share premium	2,634,786,308.86	136,158,171.77	12,493,667.73	2,758,450,812.90
Other capital reserve	48,043,091.40			48,043,091.40
Total	2,682,829,400.26	136,158,171.77	12,493,667.73	2,806,493,904.30

Note: Change of the share premium in the year mainly due to the buy-back of B-share 5,438.39 yuan in the year; capital surplus of 872,219.17 yuan generated from the repurchase of minority's interest of Guangzhou Meiling in the year. Other changes in capital reserves this year are changes in capital reserves of subsidiaries acquired by the associated enterprise Zhiyijia under the same control. The company recognizes capital reserves of RMB 130,171.30 according to the shareholding ratio.

Note: The decrease of share capital premium this year is due to the B share repurchase fee of RMB 64.58 and the cancellation of stock shares of RMB 12,493,603.15; The increase this year is due to the difference between the net assets share of Zhongke Meiling Cryogenics Co.,Ltd. calculated by the Company according to the shareholding ratio before and after capital increase after the subsidiary company publicly issued shares to unspecified qualified investors in 2022.

43. Treasury stock

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
Repurchase of B shares	26,430,571.38	737,197.77	27,167,769.15	
Total	26,430,571.38	737,197.77	27,167,769.15	

Note: The Company held the 40th session of the 9thBOD, the 21st session of the 9thBOS, and the third extraordinary general meeting of shareholders in 2020 on July 27 and August 18, 2020, which reviewed and approved the Proposal on the Repurchase of Part of the Company's Domestically Listed Foreign Shares (B Shares)", and agreed that the company would use its own funds to repurchase part of the company's domestically listed foreign shares (B shares) through centralized bidding transactions, and the repurchased B shares would be cancelled in accordance with the law and the registered capital of

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the company would be reduced accordingly. The total amount of the repurchase should be no less than 50 million yuan (inclusive) and no more than 100 million yuan (inclusive), based on the central parity rate of Hong Kong Dollar against RMB on July 24, 2020: 1 HKD = 0.9023 yuan, equivalent to Hong Kong dollars of not less than HK\$55,413,942.15 (inclusive) and not more than HK\$110,827,884.30 (inclusive). The specific total amount of repurchase funds should be subject to the total amount of funds actually used for the repurchase of shares at the expiration of the repurchase period. The price of repurchasing B shares this time should not exceed HK\$2.21/share (inclusive). After the implementation of the 2020 annual profit distribution plan, the upper limit of the price of repurchasing B shares would be adjusted from HK\$2.21/share (inclusive) to HK\$2.15/share (inclusive).).

On August 24, 2021, the company held the 11th session of the 10thBOD, the directors of the company unanimously agreed to the Proposal on Continuing Implementation and Partial Adjustment of the Repurchase of Some Domestically Listed Foreign Shares (B Shares) of the Company", continued to implement the Plan on Repurchasing Part of the Company's Domestically Listed Foreign Shares (B Shares) approved by the previous shareholders' meeting of the company; at the same time, the repurchase period in the aforementioned plan was extended to February 18, 2022, that is, the repurchase period was from August 18, 2020 to February 18, 2022; the repurchase price was adjusted from no more than HK\$2.15/share (inclusive) to no more than HK\$2.36/share (inclusive) (not exceeding 150% of the average trading price of the company's stock in the first 30 trading days prior to the reviews and approval of the 11th meeting of the tenth BOD); the 9,582,882 B shares repurchased in the previous period would be cancelled after the expiration of extension of the repurchase period.

By February 18, 2022, the Company had repurchased a total of 14,674,166 B shares, and on March 2, 2022, the cancellation procedures for repurchasing 14,674,166 B shares were completed in Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.

44. Other comprehensive income

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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							
Conversion difference arising from foreign currency financial statement	-20,903,270.57	184,552.23			21,807.94	162,744.29	-20,881,462.63
Total	-20,903,270.57	184,552.23			21,807.94	162,744.29	-20,881,462.63

45. Special reserves

Item	Amount at year-begin	Increase this year	Decrease this year	Amount at year-end
Safety production costs		2,467,205.78		2,467,205.78
Total		2,467,205.78		2,467,205.78

Note: This year's increase refers to the work safety expenses accrued according to the notice issued by the Ministry of Finance on November 21, 2022 on printing and distributing the Administrative Measures for the Extraction and Use of Work Safety Expenses of Enterprises (CZ [2022] No.136).

46. Surplus reserves

Item	Amount at year-begin	Increase this year	Decrease this year	Amount at year-end
Statutory surplus reserve	307,503,534.74	18,090,235.08		325,593,769.82
Discretionary surplus reserve	115,607,702.16			115,607,702.16
Total	423,111,236.90	18,090,235.08		441,201,471.98

47. Retained profit

Item	Current Year	Last Year
Prior year-end balance	734,129,724.00	740,754,202.23
Add: adjustment from undistributed profit at year-begin		
Including: retroactive adjustment by Accounting Standards for Business Enterprise		
change of accounting policy		

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Item	Current Year	Last Year
Correction of former material error		
Change of combination scope under common control		
Balance at year-begin	734,129,724.00	740,754,202.23
Add: net profit attributable to shareholders of parent company for this year	244,538,734.49	51,898,388.84
Less: withdraw of statutory surplus reserve	18,090,235.08	6,746,446.47
withdraw of discretionary surplus reserve		
Withdraw of general risk provision		
Dividend payable for ordinary shares	51,496,185.75	51,776,420.60
Dividend of ordinary shares transferred to share capital		
Balance at year-end	909,082,037.66	734,129,724.00

48. Operation income and operation cost

(1) Operation income and operation cost

Item	Current Year		Last Year	
	Income	Cost	Income	Cost
Main business	20,037,625,297.52	17,325,069,941.59	17,331,645,754.46	15,273,131,473.38
Other business	177,594,894.68	119,460,293.73	701,311,746.98	596,614,341.09
Total	20,215,220,192.20	17,444,530,235.32	18,032,957,501.44	15,869,745,814.47

(2) Main business classified according to product

Product	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator, freezer	7,664,575,851.66	6,346,869,532.77	8,165,836,380.29	6,945,620,033.21
Air-conditioner	9,781,896,262.72	8,770,265,668.68	6,867,304,359.29	6,364,053,615.99
Washing machine	753,549,855.38	607,693,261.63	668,996,516.82	534,901,177.78
Small household appliances and kitchen and bathroom	1,605,989,880.27	1,408,047,190.15	1,330,315,557.62	1,154,251,783.53
Other	231,613,447.49	192,194,288.36	299,192,940.44	274,304,862.87
Total	20,037,625,297.52	17,325,069,941.59	17,331,645,754.46	15,273,131,473.38

(3) Main business classified according to sales region

Region	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	14,871,610,639.87	12,793,366,256.67	12,521,627,236.27	10,779,025,843.09

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Region	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Overseas	5,166,014,657.65	4,531,703,684.92	4,810,018,518.19	4,494,105,630.29
Total	20,037,625,297.52	17,325,069,941.59	17,331,645,754.46	15,273,131,473.38

Top five clients have income in sales of 11,790,336,957.70 yuan in total, a 58.32%% in total operation income.

(4) Statement of revenue deduction

1) Information related to the transaction price allocated to the remaining performance obligations

2) At the end of this year, the income corresponding to the performance obligations that have been signed but not yet fulfilled or not yet fully fulfilled is RMB 1,110,868,412.56, of which RMB 1,042,631,257.30 is expected to be recognized in 2023.

49. Business tax and extra charges

Item	Current Year	Last Year
Treatment fund for abandon electrics & electronics	71,372,020.99	44,423,770.00
City construction tax	19,846,779.61	19,468,269.04
Extra charge for education and local education surcharge	14,548,311.46	14,635,736.24
Real estate tax	20,864,349.97	20,177,953.31
Stamp duty	16,752,387.61	15,103,354.99
Land use tax	7,416,201.59	8,323,457.05
Water fund	7,714,862.00	6,923,860.11
Other	14,546.06	11,363.34
Total	158,529,459.29	129,067,764.08

50. Sales expense

Item	Current Year	Last Year
Salary, extra charges and labor service expenses	615,364,927.31	570,204,800.54
Market support expenses	286,466,250.64	305,176,382.00
National three guarantees expense	203,466,003.55	141,027,709.39
Shipping and Installation expense	120,722,067.28	119,830,405.37
Storage lease expenses	75,019,986.16	100,617,796.86
Travelling expenses	19,660,517.01	29,229,678.19
Insurance	14,913,058.66	12,506,597.90
Business activity expenses	14,837,137.30	17,319,526.22
Vehicle expenses	14,012,267.21	9,068,901.91
Service	10,978,315.77	16,850,832.61

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Item	Current Year	Last Year
Depreciation expenses	8,478,387.85	8,058,200.89
Advertising expenses	2,981,861.74	3,009,994.39
House-lease expenses	2,977,765.70	1,583,945.12
Meeting organization expenses	1,570,396.34	3,181,909.93
Communication expenses	852,388.41	943,777.71
Other expenses	36,573,660.54	26,029,945.72
Total	1,428,874,991.47	1,364,640,404.75

51. Administration expense

Item	Current Year	Last Year
Salary and social insurance etc.	226,027,033.59	212,452,104.33
Depreciation	22,139,475.42	23,489,510.10
Amortized intangible assets	18,097,815.58	18,074,719.94
Property insurance	7,095,645.48	5,264,916.64
Water and electricity fee	6,326,879.79	6,561,477.70
Business activities fee	4,538,295.97	5,277,048.90
Board fees	2,816,281.49	1,819,196.77
Domestic travelling fee	2,808,407.52	3,365,425.65
Office fee	1,589,370.87	1,954,323.86
Inspection and authentication fee	738,557.52	588,177.67
Other expenses	66,408,709.14	54,741,873.81
Total	358,586,472.37	333,588,775.37

52. R&D expenses

Item	Current Year	Last Year
Salary and social insurance etc.	237,572,628.90	169,613,060.06
Amortized intangible assets	126,373,792.68	123,668,238.26
Trial fee of R&D	72,478,568.76	41,894,900.89
Technical development cost	27,806,672.78	35,425,186.62
Cost of mould	26,976,366.44	9,335,908.93
Depreciation	19,226,603.19	17,122,874.36
Inspection and authentication fee	14,858,218.53	23,112,922.97
Domestic travel expenses	1,657,904.73	1,967,777.25
Software royalty	435,739.52	2,174,741.57
Other expenses	32,997,051.96	41,575,485.18
Total	560,383,547.49	465,891,096.09

53. Financial expenses

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Item	Current Year	Last Year
Interest expenditure	30,470,512.88	71,229,760.29
Less: Interest income	159,034,499.30	140,024,813.71
Add: exchange loss	88,349,559.02	3,784,522.39
Procedure charge expenditure	12,041,091.12	19,062,243.58
Discount expenditure	-29,168,764.27	-12,454,495.35
Interest expense on lease liability	2,127,420.51	
Total	-55,214,680.04	-58,402,782.80

54. Other income

Item	Current Period	Last Period
Immediate refund of VAT for software products	15,709,711.47	9,172,445.35
Demonstration factory construction for the intelligent manufacturing of intelligent air-conditioner	7,518,987.36	6,892,405.03
Award funds for supporting the development of China Sound Valley	7,190,000.00	
Enterprise listing reward	7,000,000.00	
Project settlement and operation policy funds	6,500,000.00	
High-quality development policy subsidies	4,989,100.00	
Stable job subsidies	4,405,810.76	
Export credit insurance subsidy	3,415,565.07	2,344,865.00
Advanced manufacturing development policy funds	3,300,000.00	
Changhong Meiling demolition compensation	2,583,421.09	2,212,271.23
Provincial foreign trade funds (key and brand markets, enterprise market development)	2,500,000.00	
New refrigerant production adaptability transformation project	2,364,981.72	2,364,981.69
Reward and subsidy for the national specialized and special new "little giant" enterprises	2,000,000.00	1,000,000.00
Policy subsidy funds for powerful manufacturing province	2,000,000.00	
Other sporadic projects	1,834,567.71	3,495,382.00
Special funds for industrial development	1,530,000.00	
VISA (Variable Frequency Integrated Smart Air Conditioning System) research and application	1,409,302.32	1,409,302.32
Hefei Industrial Development Policy Subsidy Fund for the first half year of 2018	1,250,000.00	1,250,000.00
R&D and application of frequency conversion control MCU chips	1,150,000.00	
Changhong air conditioning production base relocation namely capacity expansion and upgrading project	1,146,666.72	382,222.24
Foreign Cooperation Center Funding for Environmental Protection	1,031,509.06	773,631.80
Subsidy for product testing fees	1,000,000.00	
Hefei Industrial Development Policy Subsidy Fund for the second half of 2019,	894,275.00	894,275.00
Intelligent white goods software platform and typical application R&D industrialization	727,272.72	727,272.73
Support for joint development of enterprises in the region	716,000.00	

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Item	Current Period	Last Period
Special funds for port logistics	715,750.00	1,144,395.00
City-level subsidies for advanced manufacturing policies in the first half of 2022	689,300.00	
Site container subsidies	658,260.00	
Key chips, modules and testing capacity building projects for inverters	633,333.35	
Provincial strong manufacturing policy funds, industrial strong base technology transformation equipment subsidies	625,000.00	625,000.00
Subsidies for intelligent transformation and upgrading of enterprises by new industrialization policy in the Economic Development Zone	605,675.00	605,675.00
High-tech enterprise awards	600,000.00	
Individual tax handling fee refund	595,125.97	333,648.78
Patent Awards	573,865.00	515,800.00
A package of policy subsidies of Hefei City stabilizing the economy	539,232.93	
Subsidies for promoting technological transformation projects in 2020	535,925.00	178,641.67
Subsidies for vocational training through work substitute training	514,920.00	
New plant construction government subsidy - low-temperature refrigeration equipment industrialization project	500,000.00	500,000.00
Science and technology innovation subsidies	500,000.00	
NEEQ innovation layer reward	500,000.00	
Subsidies for the capital project of trade services	495,750.00	
District-level subsidy funds by advanced manufacturing policies In the first half of 2021	479,643.75	373,056.25
Hefei Industrial Development Policy Project Subsidy in the first half of 2020	434,600.00	434,600.00
Market development funds	426,001.00	
Special funds for strategic emerging industries and high-end growing industries	413,793.00	103,448.28
Jiangxi Meiling demolition compensation	404,839.96	1,779,888.60
Anhui Province Three Importance's and one Innovation project funds allocation of 2020	325,000.00	230,208.34
R&D grants	308,200.00	
Zhongshan Finance Bureau (CZ0280012019 provincial special funds) funding	305,646.49	305,646.49
Promotion of new chemical industry (annual output of 600,000 units of medium and large-volume environmental protection and energy-saving freezer project)	304,412.52	304,412.52
VAT refund	301,135.59	2,095,773.00
Civil-military integration insurance premium subsidy	300,000.00	127,451.00
Talent subsidies	292,000.00	616,436.00
Provincial promotion of air conditioning production line technology upgrade and transformation project	284,759.38	
Matters related to the promotion of foreign investment and cooperation	280,949.43	
E-Commerce Association Project Funding	270,000.00	
Technology insurance subsidies	266,350.00	600,000.00
Provincial policy subsidy funds for strong manufacturing province of 2021	261,964.29	1,523,750.00

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Item	Current Period	Last Period
Special funds for business development in Zhongshan in 2022	240,388.00	
Equipment subsidies for industrial strong base technology transformation projects by the Economic and Information Commission	235,000.00	235,000.00
Subsidies for instruments and equipment	224,400.00	265,400.00
Energy-saving room air conditioner promotion project	210,309.24	210,309.28
Industry matching funds for supporting the innovation and development of the artificial intelligence in 2020	208,928.58	162,500.00
Provincial enterprise technology center awards	200,000.00	
Product International certification subsidies	200,000.00	
Excellent enterprise award funds	200,000.00	
Mianyang Meiling smart refrigerator production line upgrade project	197,499.96	197,499.96
Special fund for Zhongshan technological transformation	192,356.76	
Subsidies for the purchase of R&D instruments and equipment	182,112.52	182,112.52
Equipment purchase subsidies for Hefei technological transformation projects of 2017	179,160.00	179,160.00
Municipal Award for Advanced Manufacturing Policy in the first half of 2020	166,780.89	746,125.00
Hefei Standardization Policy Award	160,000.00	290,000.00
Standardization project award	160,000.00	
Special funds for intellectual property	109,250.00	500,000.00
Special funds for technological transformation	103,809.60	103,809.60
Top 10 tax-paying enterprises incentive funds	100,000.00	
Provincial circulation industry funds - market entities and commercial brand cultivation of 2022	100,000.00	
Special funds for industrial development in Zhongshan City of 2018	77,992.32	171,858.05
Technical transformation of the Athena project		869,687.50
Industrial Development Policy Subsidy Funds		27,000,000.00
Foreign economic and trade development funds of 2021		4,312,000.00
Foreign trade promotion policy funding of 2020		2,746,604.00
Provincial industrial development special project funds of 2021		2,200,000.00
Subsidies for special dual-innovation carrier projects		2,000,000.00
Settlement government subsidies		1,500,000.00
The first batch of provincial industrial development special fund subsidies in 2021		1,490,000.00
Award for supporting the development of China Sound Valley in 2021		1,395,000.00
Industrialization Policy Award Supplement Fund in the Economic Development Zone of 2019		1,140,400.00
The second batch of funds to support the construction project of China Sound Valley in 2020		1,044,200.00
Product testing fee subsidies in 2020		1,000,000.00
Hefei smart home appliance (home) technology award in 2020		1,000,000.00
Industrial Internet Policy Award of 2021		1,000,000.00

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Item	Current Period	Last Period
Incentives for major special projects in science and technology		1,000,000.00
"Double top-100" corporate rewards		1,000,000.00
Special funds for the construction of innovation capabilities and industrial upgrading platforms		900,000.00
Revitalizing idle plant subsidies		843,732.00
Modern service industry development policy funds		714,500.00
2020 Innovative development funding to undertake industrial transfer to promote processing trade innovation and development		652,039.00
Skills upgrading training programs		600,000.00
Three Importance's and one Innovation project funds of 2021		500,000.00
Artificial intelligence project grants		414,000.00
Land use tax refund in the 4th quarter of 2020		400,534.76
The first batch of high science and technology innovation enterprise awards in 2020		400,000.00
Property tax refund in the 4th quarter of 2020		373,459.10
Special award for energy conservation and ecological construction of 2021		347,600.00
Project of increasing the incentive for enterprises with outstanding contributions to stabilizing foreign trade by Zhongshan City		300,000.00
District-level industrial policy, science and technology innovation policy in 2019		300,000.00
Overseas investment insurance subsidies		290,171.00
Subsidies for scientific and technological innovation projects		281,000.00
Technological transformation financial incremental contribution incentive policy awards of 2021		259,100.00
Special funds for industrial development in Zhongshan City of 2021		250,000.00
Policy supporting the separation of main business and auxiliary business		249,845.00
"Innovation and entrepreneurship team at the start-up stage" award		200,000.00
Provincial service-oriented manufacturing demonstration enterprise award		200,000.00
Anhui Province manufacturing high-end brand cultivation enterprise project subsidy		200,000.00
Subsidies for industrialization projects of design achievements		200,000.00
Annual excellent enterprise award funds in 2020		200,000.00
Several support policy incentives for high-quality development in 2020		170,000.00
Special funds for port logistics in 2020		135,660.00
Support of the linkage development of the industry of 2020		128,100.00
Outstanding Contribution Award for Enterprises to Promote High-quality Development		120,000.00
Science and technology innovation policy award in the Economic Development Zone of 2020		104,000.00
Total	102,556,591.53	108,992,292.09

55. Investment income

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Item	Current Year	Last Year
Long-term equity investment income by equity method	20,440,095.97	12,422,382.59
Investment income obtained from disposal of tradable financial assets	6,873,207.97	95,088,495.95
Income from financial products	5,066,526.99	13,856,905.10
Investment income of other non-current financial assets during holding period	-24,385,552.13	
The termination of income recognition for financial assets measured by amortized cost	14,763,930.55	
Interest income from debt investment during the holding period	10,260,629.45	7,596,184.95
Total	33,018,838.80	128,963,968.59

56. Changes in fair value gains

Item	Current Period	Last Period
Trading financial assets	39,663,502.48	-29,245,252.88
Including :Income of fair value changes from derivative financial instruments	39,663,502.48	-29,245,252.88
Trading financial liability	-29,657,252.37	-7,720,195.90
Including: Income of fair value changes from derivative financial instruments	-29,657,252.37	-7,720,195.90
Other non-current financial assets	14,131,251.16	33,831,509.36
Total	24,137,501.27	-3,133,939.42

57. Credit impairment loss

Item	Current Year	Last Year
Note receivable bad debt loss		8,481,942.30
Account receivable bad debt loss	-162,588,905.74	-29,230,616.84
Other account receivable bad debt loss	-1,857,860.25	-235,222.39
Total	-164,446,765.99	-20,983,896.93

58. Assets impairment loss

Item	Current Year	Last Year
Loss on inventory valuation	-37,286,366.52	-49,526,210.35
Impairment loss on intangible assets	-17,091,365.68	-7,957,831.68
Impairment loss on fixed assets	-1,347,703.96	
Impairment loss on contractual assets	-770,687.90	
Total	-56,496,124.06	-57,484,042.03

59. Income from assets disposal

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Item	Current Period	Last Period	Amount reckoned into non-recurring gains/losses in Current Period
Income from non-current assets disposal	27,602,023.18	-133,214.72	27,602,023.18
Including: income classify to assets ready for sale			
income not classify as to assets ready for sale	27,602,023.18	-133,214.72	27,602,023.18
Including: Income from fixed assets disposal	15,371,880.61	-133,214.72	15,371,880.61
Income from intangible assets disposal	12,230,142.57		12,230,142.57
Total	27,602,023.18	-133,214.72	27,602,023.18

60. Non-operation revenue

Item	Current Period	Last Period	Amount reckoned into non-recurring gains/losses in Current Period
Income of penalty	1,731,499.87	1,258,456.10	1,731,499.87
other	7,517,843.40	8,763,597.78	7,517,843.40
Total	9,249,343.27	10,022,053.88	9,249,343.27

61. Non-operating expenditure

Item	Current Period	Last Period	Amount reckoned into non-recurring gains/losses in Current Period
Non-current asset retirement losses	1,467,133.15	1,524,444.23	1,467,133.15
Public welfare donation expenditure	1,611,780.39	11,000.00	1,611,780.39
Penalty and late fee	724,538.98	604,687.12	724,538.98
Other	4,684,312.46	3,013,937.15	4,684,312.46
Total	8,487,764.98	5,154,068.50	8,487,764.98

62. Income tax expenses

Item	Current Year	Last Year
Current income tax	15,647,487.73	23,630,449.16
Deferred income Tax	-6,082,140.92	-21,207,520.22
Total	9,565,346.81	2,422,928.94

63. Other comprehensive income

Found more in 44. Other comprehensive income in VI

64. Items of cash flow statement

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(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
Collection of restriction fund	80,505,851.57	93,302,596.49
Government subsidy and rewards	72,305,923.02	100,949,021.63
Cash deposit, deposit	28,044,590.50	31,184,841.18
Receive compensation	21,715,660.93	1,271,453.02
Rental income	6,448,934.35	5,605,416.80
Petty cash collection	131,377.98	711,008.91
Other	9,771,194.92	10,524,796.11
Total	218,923,533.27	243,549,134.14

2) Cash paid for other activities relating to operation

Item	Current Year	Last Year
Market expenses	181,077,783.11	222,791,063.19
Rental fee	101,343,065.67	120,806,416.80
Petty cash, deposit, Cash deposit	52,116,545.02	60,780,516.64
Travel expenses, meeting fees and exhibition fees	38,171,566.47	26,209,006.41
Travel expenses, meeting fees and exhibition fees	30,518,119.56	44,379,229.38
Inspection and certification fee, certification charge and reviewing fee	25,562,940.30	35,467,610.78
Repair fee	23,408,378.38	22,676,804.70
Business activity fee	19,716,863.80	17,242,092.12
Transportation and vehicle costs	16,317,717.23	17,397,441.98
Service	15,965,228.52	41,594,786.19
Handling fee	9,271,570.17	14,499,999.53
Office expenses	7,864,762.36	8,072,340.01
Advertising fee	6,728,842.18	5,344,491.93
Communication costs	2,861,966.67	3,420,542.01
Labor fee	1,592,513.58	1,856,562.73
Board expenses	1,244,705.27	2,006,972.68
Convert to restricted funds		20,079,453.92
Other expenses	122,093,195.45	143,929,062.93
Total	655,855,763.74	808,554,393.93

3) Cash received from other activities relating to investment

Item	Current Period	Last Period
Interest income arising from bank savings	161,501,486.59	137,430,181.38
Cash deposit	391,416.52	867,288.00
Income of forward exchange settlement	20,632.41	112,471,926.55

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Other		525,518.72
Total	161,913,535.52	251,294,914.65

4) Cash paid for other activities relating to investment

Item	Current Period	Last Period
Loses of forward exchange settlement	135,747,164.72	66,334.39
Bid bond refund		2,000.00
Total	135,747,164.72	68,334.39

5) Cash received from other activities relating to financing

Item	Current Year	Last Year
Meiling series (internal) bill discounting fundraising	23,536,567.33	14,136,579.91
Total	23,536,567.33	14,136,579.91

6) Cash paid for other activities relating to financing

Item	Current Year	Last Year
Turn into limited funds	713,173,457.92	
Distribusigned to shareholders at the time of cancellation	22,652,073.83	
Meiling series (internal) bill discounting fundraising	14,747,852.83	216,853.94
Lease liability principal and interest	13,924,674.35	10,862,303.71
Service fees of financing intermediary agencies	5,205,286.50	
Payment for B share repurchase	737,262.35	16,506,673.59
Financing lease	175,323.88	701,295.52
Intermediary service fee	36,327.91	36,415.52
Total	770,652,259.57	28,323,542.28

(2) Supplementary of the consolidated cash flow statement

Item	Current Period	Last Period
1. Net profit is adjusted to cash flow of operation activities:		
Net profit	277,098,462.51	87,092,653.50
Add: provision for depreciation of assets	176,173,704.39	-9,614,635.07
Depreciation of fixed assets, consumption of oil gas assets and depreciation of productive biological assets	223,767,338.55	221,606,094.74
Amortization of intangible assets	151,246,185.43	147,281,829.24
Depreciation of right-of-use assets	12,973,556.19	8,703,287.66
Loss from disposal of fixed assets, intangible assets and other long term assets (gain is listed with "-")	-27,602,023.18	133,214.72
Loss from discarding fixed assets as useless (gain is listed with "-")	1,001,047.96	828,934.22
Loss from change of fair value (gain is listed with "-")	-24,137,501.27	3,133,939.42

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Item	Current Period	Last Period
Financial expense (gain is listed with "-")	-38,087,006.89	-65,010,531.03
Investment loss (gain is listed with "-")	-33,018,838.80	-128,963,968.59
Decrease of deferred income tax assets (increase is listed with "-")	-9,142,184.15	-20,302,373.34
Increase of deferred income tax liabilities (decrease is listed with "-")	3,080,311.85	-905,146.88
Decrease of inventories (increase is listed with "-")	-347,146,382.60	384,573,713.19
Decrease of operational accounts receivable (increase is listed with "-")	343,604,791.45	-56,907,214.37
Increase of operational accounts receivable (decrease is listed with "-")	674,838,435.05	-481,355,049.55
Other	80,505,851.57	70,628,510.24
Net cash flow arising from operation activities	1,465,155,748.06	160,923,258.10
2. Major investment and financing activities that do not involve cash receipts:		
Conversion of debt into capital		
Switching Company bonds due within one year		
financing lease of fixed assets		
3. Net change in cash and cash equivalents:		
Balance at period-end of cash	6,113,222,069.76	5,840,194,931.57
Less: Opening balance of cash	5,840,194,931.57	6,425,529,815.10
Add: Balance at period-end of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	273,027,138.19	-585,334,883.53

(3) No net cash paid for subsidiary obtained in Current Period

(4) No net cash received from subsidiary disposal in Current Period

(5) Cash and cash equivalent

Item	Balance at year-end	Balance at year-begin
Cash	6,113,222,069.76	5,840,194,931.57
Including: cash in stock	21,243.42	28,447.21
Bank deposits available for payment at any time.	6,113,166,932.47	5,121,110,089.59
Other monetary fund available for payment at any time	33,893.87	719,056,394.77
Cash equivalents		
Including: bond investment due within 3 months		
Balance of cash and cash equivalents at year-end	6,113,222,069.76	5,840,194,931.57
Including: using the restricted cash and cash equivalents of the parent company or subsidiary of the group		

65. Assets with ownership or the right to use restricted

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Item	Ending book value	Reasons
Monetary fund	718,777,132.92	Cash deposit, Frozen funds
Receivables financing ^{note1}	405,400,483.49	Pledged
Investment real estate ^{note2}	3,278,221.44	Mortgage
Fixed assets ^{note2}	335,613,742.86	Mortgage
Intangible assets ^{note2}	272,690,841.98	Mortgage
Total	1,735,760,422.69	

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. 35. Long-term loans.

66. Foreign currency

(1) Foreign currency

Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
Monetary fund			159,129,376.13
Including: USD	15,596,095.78	6.9646	108,620,568.67
Euro	900,423.97	7.4229	6,683,757.09
HKD	3,297.90	0.8933	2,946.01
GBP	8.79	8.3941	73.78
PKR	184,531,856.29	0.0307	5,665,127.99
IDR	7,778,858,726.00	0.000445	3,461,592.13
AUD	6,437,891.01	4.7138	30,346,930.64
PHP	10,585,469.75	0.1250	1,323,183.72
Won	547,745,085.00	0.005523	3,025,196.10
Account receivable			867,401,278.08
Including: USD	99,611,587.03	6.9646	693,754,859.03
Euro	2,105,898.55	7.4229	15,631,874.35
GBP	96,148.87	8.3941	807,083.23
PKR	823,550,854.20	0.0307	25,283,011.22
IDR	41,070,294,838.31	0.000445	18,276,281.20
AUD	16,372,654.50	4.7138	77,177,418.78
PHP	17,098,040.24	0.1250	2,137,255.03

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Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
Won	6,216,457,585.00	0.005523	34,333,495.24
Other account receivable			457,072.73
Including: PKR	10,401,391.89	0.0307	319,322.73
IDR	75,000,000.00	0.000445	33,375.00
PHP	835,000.00	0.1250	104,375.00
Account payable			22,076,413.65
Including: USD	10,463.31	6.9646	72,872.77
Euro	13,419.32	7.4229	99,610.27
PKR	509,188,676.80	0.0307	15,632,092.38
IDR	910,164,284.48	0.000445	405,023.11
PHP	46,934,520.96	0.1250	5,866,815.12
Other account payable			15,850,469.79
Including: USD	21,827.00	6.9646	152,016.32
PKR	332,806,189.87	0.0307	10,217,150.03
IDR	11,668,091,101.12	0.000445	5,192,300.54
PHP	2,312,023.20	0.1250	289,002.90

(2) Foreign operational entity

The foreign operational entity of the Company was Changhong Ruba Trading Company (Private) Limited, mainly operates in Lahore, Pakistan; Recording currency is Pakistan Rupai. 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.

67. Hedging

The Company adopts forward foreign exchange contracts to hedge the risk of exchange rate fluctuations. The Company designates the purchased forward foreign exchange contracts as hedging instruments, and manages them in accordance with the hedge accounting method, and evaluates the hedged items of unrecognized asset and liability items, such as unrecognized definite commitments, on the balance sheet date. The Company adopts the ratio analysis method to evaluate the hedging effectiveness.

Hedging instrument is as follows:

Items	Carrying value of the hedging instrument on December 31, 2022	Items of balance sheet present include the hedging instruments
Fair value hedges		

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Exchange rate risk - forward foreign exchange contracts	57,660,588.67	Trading financial assets
Exchange rate risk - forward foreign exchange contracts	41,961,524.78	Trading financial assets

68. Government subsidy

Item	Amount	Item	Amount reckoned into current gain/loss
VAT refund on software products	15,709,711.47	Other income	15,709,711.47
Urban subsidy for advanced manufacturing policies in the first half of 2022	11,028,800.00	Other income	689,300.00
Award funds for supporting the development of China Sound Valley	7,190,000.00	Other income	7,190,000.00
Enterprise Listing Reward	7,000,000.00	Other income	7,000,000.00
Project settlement and operation policy funds	6,500,000.00	Other income	6,500,000.00
High-quality development policy subsidies	4,989,100.00	Other income	4,989,100.00
Stable job subsidies	4,405,810.76	Other income	4,405,810.76
Export credit insurance subsidy	3,415,565.07	Other income	3,415,565.07
Advanced manufacturing development policy funds	3,300,000.00	Other income	3,300,000.00
Provincial foreign trade funds (market development of key and brand market enterprises)	2,500,000.00	Other income	2,500,000.00
Reward and subsidize national specialization and new "little giant" enterprises	2,000,000.00	Other income	2,000,000.00
Manufacturing strong provincial policy subsidy funds	2,000,000.00	Other income	2,000,000.00
2021 district-level high-quality development policy (second batch) reward funds	1,791,700.00	Deferred income	
Special funds for industrial development	1,530,000.00	Other income	1,530,000.00
Provincial-level technical transformation project to promote air-conditioning production line upgrade	1,385,600.00	Deferred income	284,759.38
Other sporadic items	1,363,142.63	Other income	1,363,142.63
Product testing fee subsidy	1,000,000.00	Other income	1,000,000.00
Support the joint development of enterprises in the region	716,000.00	Other income	716,000.00
Special funds for port logistics	715,750.00	Other income	715,750.00
Site container subsidy	658,260.00	Other income	658,260.00
High-tech Enterprise Award	600,000.00	Other income	600,000.00
Refund of individual tax handling fee	595,125.97	Other income	595,125.97
Patent Award	573,865.00	Other income	573,865.00
Hefei City stabilizes the economy with a package of policy subsidies	539,232.93	Other income	539,232.93
Vocational training subsidy	514,920.00	Other income	514,920.00
Science and technology innovation subsidy	500,000.00	Other income	500,000.00
New third board innovation layer reward	500,000.00	Other income	500,000.00
Service Trade Fund Project Subsidy	495,750.00	Other income	495,750.00
market development funds	426,001.00	Other income	426,001.00

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Item	Amount	Item	Amount reckoned into current gain/loss
R & D subsidies	308,200.00	Other income	308,200.00
VAT refund	301,135.59	Other income	301,135.59
Military-civilian integration insurance premium subsidy	300,000.00	Other income	300,000.00
Talent subsidy	292,000.00	Other income	292,000.00
Promotion of foreign investment and cooperation	280,949.43	Other income	280,949.43
E-Commerce Association Project Funding	270,000.00	Other income	270,000.00
Technology Insurance Subsidy	266,350.00	Other income	266,350.00
2022 special fund for business development in Zhongshan City	240,388.00	Other income	240,388.00
Instrument and equipment subsidy	224,400.00	Other income	224,400.00
Provincial Enterprise Technology Center Award	200,000.00	Other income	200,000.00
Product international certification subsidy	200,000.00	Other income	200,000.00
Outstanding Enterprise Award Fund	200,000.00	Other income	200,000.00
Zhongshan Special Fund for Technical Transformation	192,356.76	Other income	192,356.76
Hefei Standardization Policy Rewards	160,000.00	Other income	160,000.00
Standardization project awards	160,000.00	Other income	160,000.00
Intellectual Property Special Fund	109,250.00	Other income	109,250.00
Incentive funds for the top ten taxpayers	100,000.00	Other income	100,000.00
2022 provincial circulation industry funds - market players and commercial brand cultivation	100,000.00	Other income	100,000.00
Policy subsidies for advanced manufacturing in the second half of 2021	57,100.00	Deferred income	5,947.93
Total	87,906,464.61		74,623,271.92

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VII. Changes of consolidation range

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	Equity disposal price	Share disposal ratio (%)	Equity disposal method	Point at which the control is lost	Basis for determining the point at which the control is lost	Difference between the disposal price and the share of net assets of the subsidiary at the consolidate financial statement corresponding to the disposal of the investment	Amount of investment gain/loss transferred from other comprehensive income that related to equity investment of original subsidiary
Jinan Xiangyou Electric Appliances Marketing Co., Ltd		93.4	Liquidation & cancellation	February 2022	Completed the liquidation & cancellation		
Meiling Kadi Washing Machine Co., Ltd	56,630,183.58	60.00	Liquidation & cancellation	June 2022	Completed the liquidation & cancellation		

6. Subsidiary newly established: nil

7. Subsidiary merger by absorption

Name of company	Equity ratio before absorption (%)	Time for absorption
Zhengzhou Meiling Electric Appliances Marketing Co., Ltd	100	March 2022

In March 2022, consolidation by merger, Hefei Meiling Group Holdings Limited purchased 100% equity of Zhengzhou Meiling Electric Appliances Marketing Co., Ltd (hereinafter referred to as Zhengzhou Meiling) from Hefei Meiling Electric Appliances Marketing Co., Ltd. As of 31 December 2022, the industrial & commercial and tax cancellation under the name of Zhengzhou Meiling has not been completed.

VIII. Equity in other entity

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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., Ltd1)	Hefei	Hefei	Manufacturing and sales	47.4512		Investment establishment
Sichuan Hongmei Intelligent Technology Co., Ltd.2)	Mianyang	Mianyang	Software development		100	Investment establishment
Mianyang Meiling Refrigeration Co., Ltd.3)	Mianyang	Mianyang	Manufacturing and sales	95	5	Investment establishment
Jiangxi Meiling Electric Appliance Co., Ltd.4)	Jingdezhen	Jingdezhen	Manufacturing and sales	98.75	1.25	Investment establishment
Hefei Meiling Wulian Technology Co., Ltd5)	Hefei	Hefei	Software development	100		Investment establishment
Hefei Meiling Electric Appliances Marketing Co., Ltd6)	Hefei	Hefei	Sales	99.82	0.18	Investment establishment
Wuhan Meizhirong Electric Appliances Marketing Co., Ltd7)	Wuhan	Wuhan	Sales		92	Investment establishment
Hefei Meiling Nonferrous Metal Products Co., Ltd.8)	Hefei	Hefei	Manufacturing and sales		100	Enterprise combined not under the same control
Changhong Meiling Ridian Technology Co., Ltd.9)	Zhongshan	Zhongshan	Manufacturing and sales	99.0361		Enterprise combined under the same control
CHANGHONG MEILING ELECTRIC INDONESIA,PT 10)	Jakarta	Jakarta	Sales		100	Investment establishment
ChanghongRubaTradingCompany (Private) Limited 11)	Pakistan	Pakistan	Sales		60	Investment establishment
Sichuan Changhong Air-conditioner Co., Ltd12)	Mianyang	Mianyang	Manufacturing and sales	100		Enterprise combined under the same control
Zhongshan Changhong Electric Co., Ltd13)	Zhongshan	Zhongshan	Manufacturing and sales	90	10	Enterprise combined under the same control
Hefei Meiling Group Holdings Limited14)	Hefei	Hefei	Manufacturing and sales	100		Enterprise combined not under the same control
Meiling Equator Household Appliance (Hefei) Co., Ltd.15)	Hefei	Hefei	Manufacturing and sales		100	Enterprise combined not under the same control
Hefei Equator Appliance Co., Ltd16)	Hefei	Hefei	Manufacturing and sales		100	Enterprise combined not under the same control
Ground Energy Heat Pump Tech. Co., Ltd.17)	Mianyang	Mianyang	Manufacturing and sales		51	Investment establishment
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd. 18)	Zhongshan	Zhongshan	Manufacturing and sales		51	Investment establishment

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Subsidiary	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
				Directly	Indirectly	
Guangzhou Changhong Trading Co., Ltd.20)	Guangzhou	Guangzhou	Sales		100	Investment establishment
Guangzhou Changhong Trading Co., Ltd.20)	Guangzhou	Guangzhou	Sales		99.0361	Investment establishment
Anhui Tuoxing Technology Co., Ltd.22)	Hefei	Hefei	Manufacturing and sales		47.45	Investment establishment
CH-Meiling International (Philippines) Inc.22)	Philippines	Philippines	Sales	100		Investment establishment
Hefei Changhong Meiling Life Appliances Co., Ltd. 24)	Hefei	Hefei	Sales	70.00		Investment establishment
Anhui Ling'an Medical Equipment Co., Ltd. 25)	Lu'an	Lu'an	Manufacturing and sales		47.45	Investment establishment

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 60 million yuan upon the establishment, among which, the Company made capital contribution of 42 million yuan (including the assets in specie at the consideration of 35,573,719.70 yuan as evaluated by Beijing Zhongzheng Appraisal Co., Ltd. with issuance of the Appraisal Report (ZZPBZ(2002)No.029) and cash contribution of 6,426,280.30 yuan) accounting for 70% of the aforesaid registered capital, and TIPC made capital contribution of 18 million yuan with intangible assets of such value (namely the single compressor mixture industrial low temperature refrigeration technology) as evaluated by Jingzhongzi Assets Appraisal Co., Ltd. with issuance of the Appraisal Report (ZZPBZ(2002)No.225) accounting for 30% of the aforesaid registered capital. The paid-in of the above registered capital has been verified by Huazheng Accounting Firm by issuance of the Assets Verification Report (HZYZ (2002) No. B157) dated 16 October 2002.

In October 2014, according to the relevant provision under the Management Rules on Application of State Owned Assets by Central Business Organs, TIPC transferred the 30% equity interests held by it in Zhongke Meiling Cryogenic Technology Company Limited to its wholly-owned subsidiary Zhongke Xianxing (Beijing) Assets Management Co., Ltd (hereinafter referred to as Zhongke Xianxing) which would perform management over the operating assets of TIPC. Upon consideration and approval at the 37th session of the 7thBOD 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 96,431,978.25 yuan 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.

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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 4th session extraordinary of shareholders general meeting of 2017. Zhongke Meiling offering 490,300 shares to specific investors by way of privately placement, which has 1.72 yuan per share in amount. The capital increment 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.

On September 9, 2019, the 10th Meeting of the 2ndBOD 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%.

On September 16, 2022, the Management Committee of China Securities Regulatory Commission issued the Reply on Approving the Registration of Zhongke Meiling Cryogenics Co.,Ltd. to Public Offering of Shares to Unspecified Qualified Investors (ZJXK [2022] No. 2182), which approved the registration application of Zhongke Meiling to Public Offering of Shares to Unspecified Qualified Investors. The price of this issue is RMB 16.00/share, the initial number of shares issued is 24,182,734, and the actual net fund raised is RMB 364,573,394.95. By September 30, 2022, all the above-mentioned raised funds had been received and verified by the Capital Verification Report [XYZH/No. 2022CDAA70693] issued by ShineWing Certified Public Accountants (special general partnership). After the issuance, the share capital of Zhongke Meiling is 96,730,934 shares, and the shareholding ratio of the Company is 47.45%.

2) Sichuan Hongmei Intelligent Technology Co., Ltd. (hereinafter referred to as Hongmei Intelligent) was

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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 5 million yuan, including 4.95 million yuan contributed by Changhong Meiling Company in cash, accounted for 99% of the registered capital; Mianyang Meiling Refrigeration Co., Ltd. contributed 50000 yuan 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 50 million yuan upon establishment, of which, the Company invested 45 million yuan, accounting for 90% of the registered capital; Zhongke Meiling Company invested 5 million yuan, 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 50 million yuan in capital of Mianyang Meiling, of which 95 million yuan invested by the Company, a 95% of total register capital while 5 million yuan 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., Ltd., than 5 percent equity was transfer to Jiangxi Meiling Electric Appliance.

4) Jiangxi Meiling Electric Appliance Co., Ltd. (hereinafter referred to as Jiangxi Meiling Electric Appliance) was a limited liability company jointly established by the Company and Mianyang Meiling on 23 May 2011. Register capital of the company totally as 50 million yuan, 49.375 million yuan invested by the Company, 98.75% in total register capital while 0.625 million yuan invested by Mianyang Meiling, a 1.25% in total register capital occupied. The initial investment 10.50 million yuan was received dated 13 May 2011 with 10 million yuan from the Company and 0.5 million yuan 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 39.5 million yuan was fully funded on 28 July 2011, the Company contributed 39.375 million yuan while Mianyang Meiling Company invested 125,000 yuan, the contributions have been verified by the capital verification report [Jing Xing Kuai Yan Zi (2011) No.: 134] issued from JDZ Xingci CPA Co., Ltd.

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5) Hefei Meiling Wulian Technology Co., Ltd. (hereinafter referred to as Wulian Technology) was established dated 21 January 2019 with registered capital of 10 million yuan, and it is the subsidiary of the Company with fully-owned establishment. On 19 March 2019, 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 10 million yuan, including 9.9 million yuan invested by the Company, a 99% of the registered capital; Mianyang Meiling Company contributed 0.1 million yuan, 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 45 million yuan, registered capital amounting to 55 million yuan, including 54.9 million yuan contributed by the Company, a 99.82% of the registered capital, while Mianyang Meiling invested 0.1 million yuan, 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) Wuhan Meizirong Electrical Marketing Co., Ltd (hereinafter referred to as Wuhan Meizirong) was established dated 10 January 2011 with registered capital of 5 million yuan; Meiling Marketing invested 4.60 million yuan, accounted for 92% of the registered capital.

8) 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 24,286,808.00 yuan after transference, and was not the joint-venture any more.

9) 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

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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 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].

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

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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 Chang yuan 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.

10) CHANGHONG MEILING ELECTRIC INDONESIA, PT.(hereinafter referred to as Indonesia Meiling) 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.

11) Changhong Ruba Trading Company (Private) Limited (hereinafter referred to as Changhong Ruba) was a joint venture established by Zhongshan Changhong Appliances Company Limited and RUBA GENERAL TRADING FZE Company ("RUBA") on 5 August 2011 with the approval from Guangdong Development and Reform Commission by issuance of the Approval Relating to Joint Construction of a Manufacturing and Selling Platform Project in Pakistan by Zhongshan Changhong Appliances Company Limited (YFGWZ(2011)958). The resolution of the second extraordinary shareholders' meeting of Zhongshan Changhong in 2016 passed the "Proposal on the Company's Capital Increase to Changhong Ruba Trading Company (Private) Limited", and agreed that the company and UAE RUBA Company jointly increase capital to Changhong Ruba Trading Company(Private) Limited which was invested by both sides in Pakistan at an earlier stage, Zhongshan Changhong invested 3.84 million US dollars in this capital increase, and UAE RUBA Company invested 2.56 million US dollars, the shares held by both sides remained unchanged. After the capital increase, the company's registered capital became 12.4 million US dollars, of which Zhongshan Changhong Home Appliances Company Limited invested 7.44 million US dollars in cash, shareholding ratio was 60%, UAE RUBA Company invested 4.96 million US dollars in cash, and shareholding ratio was 40%.

In 2017, the shareholder meeting of Zhongshan Changhong Electric Co., Ltd. passed the "Proposal on the Company's Increased Investment in Pakistan Refrigerator Project", agreeing that Zhongshan Changhong and the UAE RUBA company will jointly increase the capital of ChanghongRuba. , the shares held by both parties remain unchanged. After the capital increase, the registered capital of ChanghongRuba is US\$13,004,923, of which Zhongshan Changhong contributed US\$7,802,954 in cash, holding 60% of the shares, and RUBA of the United Arab Emirates contributed US\$5,201,969 in cash, holding 40% of the shares.

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12) 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 200 million yuan upon establishment, of which, Sichuan Changhong invested 298 million yuan (210,088,900 yuan invested by monetary capital while 87,911,100 yuan invested by real material), equivalent to 198 million yuan shares, accounting for 99% of the registered capital; and Changhong Chuangtou invested 3 million yuan, accounting for 1% of the registered capital with equivalent of 2 million yuan shares. The registered capital receipt was verified by the verification report [CGYYZ (2008) No. 177] of Sichuan Guang yuan 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%.

13) 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 72 million yuan, including 69.3 million yuan bidding for the estate/non-estate from original Zhongshan Sanrong Air-conditioner Co., Ltd. And its patent use-right of 2.7 million yuan, accounting for 90% of the registered capital; China Minmetals invested 8 million yuan 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 36 million yuan to Zhongshan Changhong, and Changhong AC increased 4 million yuan. 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 64 million yuan to Zhongshan Changhong according to the existing shareholding ratio, among which the capital increase of the Company was 57.6 million yuan, and the capital increase of Changhong Air Conditioning was 6.4 million yuan. After the completion of this capital increase, the registered capital Zhongshan Changhong shall increase to 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 150 million yuan to Zhongshan Changhong according to the existing shareholding ratios, of which the Company increased capital of 135 million yuan, Changhong Air-Conditioning

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increased capital of 15 million yuan. After the completion of capital increase, the registered capital of Zhongshan Changhong has increased to 334 million yuan. The Company's and Changhong's shareholding ratios in Zhongshan Changhong remain unchanged at 90% and 10%, of which the Company funded 300.6 million yuan, accounting for 90% of the registered capital, while Changhong Air Conditioning funded 33.4 million yuan, accounting for 10% of the registered capital.

14) 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 113.2 million yuan. 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 80 million yuan, and has been verified by the [AD (2010) YZD No. 016] from Anhui Auding CPAs Co., Ltd.

15) Meiling EquatorHousehold Appliance (Hefei) Co., Ltd. (hereinafter referred to as EquatorHousehold 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 24,793,200 yuan 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.

16) 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 12 million yuan, 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.

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17) Hong Yuan Ground Energy Heat Pump Technology Co., Ltd. (hereinafter referred to as Hong Yuan 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 Hengyou yuan 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; Hengyou yuan Technology Development Group Co., Ltd. invested 24.5 million yuan in cash, a 49% in registered capital.

18) Hong Yuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.(hereinafter referred to as Hong yuan Zhongshan) was established and invested on 18 July 2017 with registered capital of 15 million yuan, The Hong Yuan 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 shareholders of the Hong yuan Zhongshan decided to increase capital of 30 million yuan, and contributed by the shareholder Hong Yuan Ground Energy; thus registered capital of Hong yuan Zhongshan up to 45 million yuan

19)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

20) 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.

21) 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. On May 21, 2020 and February 21, 2021, Zhongke Meiling invested RMB 5 million, with a total investment of RMB 10 million, accounting for 100% of its registered capital.

22) 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 31,2022, the Company has invested US\$ 1,000,000,

23) 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%

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takes in the equity. The paid-in capital contribution from the Company and Ningbo Hongling Enterprise Management Partnership (Limited Partnership) has been completed on January 21, 2021 and on January 18, 2021 respectively.

24) Anhui Ling'an Medical Equipment Co., Ltd. (hereinafter referred to as Ling'an Medical) was established on 4 September 2021, which is a wholly-owned subsidiary of Zhongke Meiling, and registered capital of 10 million yuan. On June 29, 2021, Zhongke Meiling actually contributed 10 million yuan, accounting for 100% of the registered capital. In 2022, the Board of Directors of Zhongke Meiling decided to increase the registered capital by RMB 40 million. On December 30, 2022, the paid-in capital was completed, and the registered capital of Ling'an Medical increased to RMB 50 million.

(2) Major non-wholly-owned subsidiary

Subsidiary	Shareholding ratio of minority	Gains/losses attributable to minority in Current Period	Dividend distributed to minority announced in Current Period	Balance of minority's interest at period-end
Zhongke Meiling	52.5488%	17,538,180.20	21,318,560.00	315,898,795.88
Ground Energy	49.00%	3,415,248.84		24,549,355.52
Ridian Technology	0.9639%	6,008.86		1,326,570.78
Meiling Life Appliances	30.00%	12,172,873.75	4,099,298.64	32,183,127.65

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

Subsidiary	Ending balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Zhongke Meiling	649,452,399.30	157,673,698.36	807,126,097.66	190,256,989.79	15,715,771.32	205,972,761.11
Ground Energy	190,767,892.48	18,222,456.16	208,990,348.64	158,674,964.71	214,658.38	158,889,623.09
Ridian Technology	231,271,013.10	42,012,672.36	273,283,685.46	135,113,073.14	538,894.36	135,651,967.50
Meiling Life Appliances	559,068,082.42	224,882.24	559,292,964.66	452,015,872.49		452,015,872.49

(Continued)

Subsidiary	Opening balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Zhongke Meiling	371,876,985.25	153,246,440.33	525,123,425.58	260,324,038.65	16,724,150.21	277,048,188.86
Ground Energy	167,092,910.84	23,932,195.59	191,025,106.43	147,765,923.82	292,650.70	148,058,574.52
Ridian Technology	256,926,013.09	46,283,555.98	303,209,569.07	165,637,349.70	718,345.11	166,355,694.81

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Subsidiary	Opening balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Meiling Life Appliances	421,039,031.17	169,482.39	421,208,513.56	340,843,338.42		340,843,338.42

(Continued)

Subsidiary	Current Period			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongke Meiling	406,489,091.83	46,273,692.68	46,273,692.68	-38,010,376.20
Ground Energy	316,282,181.46	6,969,895.59	6,969,895.59	20,156,454.01
Ridian Technology	237,989,059.17	623,419.57	623,419.57	-13,918,903.50
Meiling Life Appliances	1,419,586,443.18	40,576,245.84	40,576,245.84	67,906,512.81

(Continued)

Subsidiary	Last Period			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongke Meiling	464,899,620.09	65,085,510.92	65,085,510.92	70,137,269.97
Ground Energy	347,880,649.74	8,044,490.53	8,044,490.53	60,316,055.84
Ridian Technology	309,467,627.62	2,351,153.78	2,351,153.78	-243,853,078.73
Meiling Life Appliances	1,136,846,527.85	30,365,175.14	30,365,175.14	262,095,425.65

(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: nil

Items	Zhongke Meiling	Total
Original ratio of shares held	63.2683%	63.2683%
Equity purchased from minority		
Original ratio of shares held	24,182,734.00	24,182,734.00
Equity purchased from minority	47.4512%	47.4512%
Cost of purchasing minority equity		
Less: Ratio of the net assets measured by equity ratio while acquiring the subsidiary	281,328,431.66	281,328,431.66
Equity dilution for shares issuance		
Balance	136,158,171.77	136,158,171.77
Including: Capital public reserve adjusted	136,158,171.77	136,158,171.77

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In 2022, Zhongke Meiling, a subsidiary, publicly issued 24,182,734 shares to unspecified qualified investors (at an issue price of RMB 16 per share), and after deducting the issuance expenses, the capital reserve of Zhongke Meiling increased by RMB 340,390,660.95. According to the shareholding ratio before and after the capital increase, the Company shall be entitled to the difference of net assets share of Zhongke Meiling of RMB 136,158,171.77, which is included in the capital reserve.

3. Equity in joint venture or associate enterprise

(1) Major joint venture or associate enterprise

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	
Associated companies:						
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.Hong Yuan 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.	Hong Yuan Ground Energy Heat Tech. Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.	Chengdu Guigu Environmental Tech. Co., Ltd
Current assets	81,268,806.16	45,818,917.65	3,283,851,057.02	38,746,877.56	14,399,461.73	41,590,971.33
Including: cash and cash equivalent	4,921,365.69	45,763,227.65	14,808,208.88	29.18	5,469,142.38	23,853,311.23
Non-current assets	30,867,707.49		5,635,867.44	819,281.43	12,352.49	1,244,940.57
Total assets	112,136,513.65	45,818,917.65	3,289,486,924.46	39,566,158.99	14,411,814.22	42,835,911.90
Current liability	154,683,192.50	4,602,727.84	3,185,798,119.47	4,708,039.64	1,891,931.14	10,624,102.18
Non-current liability			1,632,200.33			2,731,542.18
Total liabilities	154,683,192.50	4,602,727.84	3,187,430,319.80	4,708,039.64	1,891,931.14	13,355,644.36
Minority's interest						1,096,374.40

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Item	Balance at year-end/Current Year					
	Changhong Ruiba Electric Company (Private) Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hong Yuan Ground Energy Heat Tech. Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.	Chengdu Guigu Environment al Tech. Co., Ltd
Equity attributable to shareholder of parent company	-42,546,678.85	41,216,189.81	102,056,604.66	34,858,119.35	12,519,883.08	28,383,893.14
Share of net assets measured by shareholding	-17,018,671.54	19,899,176.44	51,028,302.33	17,080,478.48	3,129,970.77	7,095,973.29
Adjustment						
--Goodwill			821,877.28			1,416,227.93
Unrealized profit of the internal downstream transactions				61,436.67	19,388.90	6,752.44
Unrealized profit of the internal upstream transactions						
Other	17,018,671.54					
Book value of the equity investment for associate enterprise		19,899,176.44	51,850,179.61	17,019,041.81	3,110,581.87	8,505,448.77
Fair value of equity investment for the affiliates with consideration publicly						
Operation income	130,028,432.81		11,137,539,778.84	7,455,389.79	8,533,693.50	28,881,455.21
Financial expenses	102,800.34	-61,942.19	(50,856,868.09)	1,598.44	-107,415.28	-490,708.14
Income tax expenses	1,110,901.10	3,561,226.32	(135,812.07)			
Net profit	-31,642,829.80	10,683,678.96	12,126,330.11	-7,408,715.92	606,118.86	-2,419,303.39
Other						
Other comprehensive income	4,165,076.91					
Total comprehensive income	-27,477,752.89	10,683,678.96	12,126,330.11	-7,408,715.92	606,118.86	
Dividend received from associate enterprise in Current Year		5,069,400.00				

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Items	Balance at year-begin /Last Year					
	Changhong Rubelectric Company (Private) Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hong Yuan Ground Energy Heat Tech. Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.	Chengdu Guigu Environmental Tech. Co., Ltd
Current assets	89,100,592.52	44,306,769.36	3,562,320,255.30	39,551,631.60	12,815,224.66	49,157,432.66
Including: cash and cash equivalent	3,601,992.73	15,092,065.72	1,735,103,036.41	41,161.98	6,480,537.53	28,252,926.12
Non-current assets	37,062,073.18	2,831,773.02	7,359,768.31	8,286,398.47	12,352.49	1,325,807.70
Total assets	126,162,665.70	47,138,542.38	3,569,680,023.61	47,838,030.07	12,827,577.15	50,483,240.36
Current liability	141,231,591.66	6,054,518.27	3,478,330,845.92	5,571,194.80	913,812.93	16,058,351.93
Non-current liability			1,418,903.14			2,525,317.50
Total liabilities	141,231,591.66	6,054,518.27	3,479,749,749.06	5,571,194.80	913,812.93	18,583,669.43
Minority's interest						1,102,582.39
Equity attributable to shareholder of parent company	-15,068,925.96	41,084,024.11	89,930,274.55	42,266,835.27	11,913,764.22	30,796,988.54
Share of net assets measured by shareholding	-6,027,570.38	19,835,366.84	44,965,137.28	20,710,749.28	2,978,441.06	7,699,247.14
Adjustment						
--Goodwill			821,877.28			1,416,227.93
Unrealized profit of the internal downstream transactions			11,702,988.94	80,635.11	4,252.12	7,510.11
Unrealized profit of the internal upstream transactions						
Other	6,027,570.38					
Book value of the equity investment for associate enterprise		19,835,366.84	34,084,025.62	20,630,114.17	2,974,188.94	9,107,964.96
Fair value of equity investment for the affiliates with consideration publicly						
Operation income	212,975,934.56		11,191,030,556.90	24,577,536.47	7,983,502.89	38,128,313.52
Financial expenses	2,974,146.42	443,380.59	-51,236,312.07	2,374.70	-105,819.09	-374,408.78
Income tax expenses	2,735,333.56	4,852,902.82	784,678.81			
Net profit	-6,640,369.42	26,945,094.97	4,472,169.87	-2,953,746.66	495,803.24	12,183,906.56
Other			-648,154.63			
Other comprehensive income	6,538,313.32					
capital reserve			-130,171.30			

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Items	Balance at year-begin /Last Year					
	ChanghongR ubaElectricC ompany(Priv ate)Ltd.	Hefei Xingmei Assets Manageme nt Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hong Yuan Ground Energy Heat Tech. Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.	Chengdu Guigu Environment al Tech. Co., Ltd
Total comprehensive income	-102,056.10	26,945,094.97	3,693,843.94	-2,953,746.66	495,803.24	12,183,906.56
Dividend received from associate enterprise in Current Year			1,025,445.14			

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

Item	Balance at year-end/Current Year	Balance at year-begin /Last Year
Associated companies:		
Total book value of investment		
Total amount measured by shareholding ratio		
--Net profit	-444,973.83	-904,106.72
--Other comprehensive income		
-- Total comprehensive income	-444,973.83	-904,106.72

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

(6) Excess loss occurred in joint venture or affiliates

Hefei Meiling Solar Energy Technology Co., Ltd and ChanghongRubaElectricCompany(Private)Ltd have losses above the quota.

(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, Trading financial assets, Trading 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.

1. Various risk management objectives and policies

The Company's goal in risk management is to strike a proper balance between risks and benefits, reduce the negative impact of risks on the Company's operating performance to the lowest level, and maximize the

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interests of shareholders and other equity investors. Based on this risk management goal, the basic strategy of the Company's risk management is to identify and analyze all kinds of risks faced by the Company, establish an appropriate risk tolerance bottom line and conduct risk management, and timely and reliably supervise all kinds of risks to control the risks within a limited range.

(1) Market risk

1) Exchange rate risk

The Company pays close attention to the impact of exchange rate changes on the Company. The Company attaches great importance to the study of exchange rate risk management policies and strategies. In order to avoid the exchange rate risk of foreign currency payment and foreign currency collection and settlement income, the Company has signed several forward foreign exchange contracts with banks. The fair value of forward foreign exchange contracts recognized as derivative financial instruments on December 31, 2022 is RMB 15,699,063.89. Changes in the fair value of derivative financial instruments have been included in the profit and loss, and the relevant contents of "VI. 56 Income from changes in fair value" in this note. In the meantime, with the constant change in the share of the international market, if there are risks beyond the control of the Company, such as unilateral large changes in the RMB exchange rate, the Company will reduce the risks by adjusting the sales or purchasing strategies.

2) Interest rate risk

The Company's interest rate risk arises from bank loans and interest-bearing debts. Financial liabilities with floating interest rate expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rate expose the Company to fair value interest rate risk. The Company decides the relative proportion of fixed interest rate and floating interest rate contracts according to the market environment at that time. On December 31, 2022, the Company's interest-bearing debts were mainly the fixed-rate loan contracts denominated in RMB, with a total amount of RMB 674,000,000.00; and the RMB floating-rate loan contracts, with a total amount of RMB 168,000,000.00. The Company's risk of changes in the fair value of financial instruments due to changes in interest rates is mainly related to fixed-rate bank loans. The Company's risk of cash flow changes of financial instruments caused by interest rate changes is mainly related to floating interest rate bank loans. The Company pays close attention to the impact of this part of interest rate changes on the Company and attaches importance to the study of interest rate risk management policies and strategies.

(2) Credit risk

On December 31, 2022, the biggest credit risk exposure that may cause the financial loss of the Company mainly comes from the loss of the Company's financial assets caused by the failure of the other party to the contract and the financial guarantee undertaken by the Company, including: the book amount of the financial

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assets recognized in the consolidated balance sheet; For financial instruments measured at fair value, the book value reflects their risk exposure, but not the maximum risk exposure, and its maximum risk exposure will change with the change of fair value in the future. In order to reduce the credit risk, the Company set up a special department to determine the credit line, conduct credit approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue creditor's rights. Meanwhile, the Company tries to reduce the impact of credit default of creditor's rights by purchasing credit insurance. In addition, the Company reviews the recovery of each single receivable on each balance sheet date to ensure that sufficient bad debt provision is made for unrecoverable funds. Therefore, the management of the Company believes that the credit risk assumed by the Company has been greatly reduced. The Company's working capital is deposited in the finance company, so the credit risk of working capital is low. The Company has adopted necessary policies to ensure that all sales customers have good credit records. The total amount of the top five accounts receivable is RMB 800,614,365.63, accounting for 51.14% of the accounts receivable at the end of the year, which is dependent on major customers. Except for the top five accounts receivable, the Company has no other major credit risks.

(3) Liquidity risk

Liquidity risk is the risk that the Company cannot fulfill its financial obligations on the due date. The Company's method of managing liquidity risk is to ensure that there is enough financial liquidity to fulfill the due debts through capital plan management, without causing unacceptable losses or damaging the reputation of the company. According to the requirements of the capital plan cycle, the Company makes a capital plan in advance to ensure that there is sufficient capital when the debt is due. The management of the Company monitors the use of bank loans and ensures compliance with the loan agreement. In the meantime, it conducts financing negotiations with financial institutions to maintain a certain credit line and reduce liquidity risk.

X. Fair value disclosure

1. Asset and liability measured by fair value at end of Current Period and fair value measurement level

Items	Fair value at period-end			
	1 st level	2 nd level	3 rd level	Total
I. Continuous fair value measurement	—	—	—	—
(i) Trading financial assets	57,660,588.67			57,660,588.67
1. Financial assets measured at fair value and whose changes are included in current gains/losses	57,660,588.67			57,660,588.67
Including: Derivative financial assets	57,660,588.67			57,660,588.67
(ii) Other non-current financial assets		81,060,223.94	547,489,224.37	628,549,448.31
(iii) Receivables financing			1,446,358,719.88	1,446,358,719.88
Total assets continuously measured at fair value	57,660,588.67	81,060,223.94	1,993,847,944.25	2,132,568,756.86

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Items	Fair value at period-end			
	1 st level	2 nd level	3 rd level	Total
(iv) Trading financial liability	41,961,524.78			41,961,524.78
1. Financial liabilities measured by fair value and with variation reckoned into current gains/losses	41,961,524.78			41,961,524.78
Including: Derivative financial liability	41,961,524.78			41,961,524.78
Total liabilities continuously measured at fair value	41,961,524.78			41,961,524.78

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 company. 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 items with fair value measurement refer to the investment of Sichuan Changhong Group Finance Co., Ltd and Huishang Bank Co., Ltd. As the unlisted equity instrument, the fair value are estimated using a range of valuation models, the assumptions used are not supported by observable market prices or interest rates. We believes that the fair value and their changes estimated by valuation techniques are reasonable and are the most appropriate values at the balance sheet date.

XI. Related parties and related transaction

(I) Relationship of related parties

1. Controlling shareholder and ultimate controller

(1) Controlling shareholder and ultimate controller

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Controlling shareholder and ultimate controller	Registration place	Business nature	Registered capital	Shareholding ratio in the Company	Voting rights ratio in the Company
Sichuan Changhong Electric Co., Ltd.	Mianyang	Manufacture and sales	4,616,244,222.00	27.36%	27.36%

Sichuan Changhong Electronics Holding Group is the controlling shareholder of Sichuan Changhong Electric Co., LTD, and the SASAC Mianyang office holds 90% equity interests of Sichuan Changhong Electronic Holding Group, which means that SASAC Mianyang office is the ultimate controller of the Company.

(2) Register capital and change thereof of controlling shareholder

Controlling shareholder	Opening balance	Increase this period	Decrease this period	Ending balance
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	
	Ending balance	Opening balance	Ratio at period-end	Ratio at period-beginning
Sichuan Changhong Electric Co., Ltd.	281,832,434.00	281,832,434.00	27.36%	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 Period or occurred in last period, and with balance results:

Joint venture and associated enterprise	Relationship with the company
Hefei Xinmeitai Energy Tech. 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
Hong Yuan Ground Energy Heat Tech. Co., Ltd	Associated enterprise of subsidiary Changhong Air-conditioner

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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
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
Hefei Changhong New Energy Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Moulding Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Changhong Europe Electric s.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 Kuaiyidian Electric 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.CHANGHONG ELECTRIC INDONESIA	Control by same controlling shareholder and ultimate controller
CHANGHONG (HK) TRADING LIMITED	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
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

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Other related party	Relationship with the company
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 Network 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
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 Ailink 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 Service 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
Sichuan Changhong Gerun Environmental Protection Tech. 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
Mianyang Huafeng Hulian Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jiahua Information Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Qisai Microelectronic Co., Ltd.	Control by same controlling shareholder and ultimate controller
Yibin Hongxing Electric Co., Ltd.	Control by same controlling shareholder and ultimate controller
Mianyang Hongshang Real Estate 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
Beijing Changhong Technology Co., Ltd.	Associated enterprise of controlling shareholder
Sichuan Hongyu Metal Manufacturing Co., Ltd.	Associated enterprise of other enterprise that have the same controlling shareholder
Sichuan Baiku Technology 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 Qiruik Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller

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Other related party	Relationship with the company
Changhong Grand-Pro Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jihuang Lithium Technology Co., LTD	Control by same controlling shareholder and ultimate controller
Sichuan Ansifei Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Electric Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongcheng Construction Co., ITD.	Control by same controlling shareholder and ultimate controller
Guangyuan Hongcheng Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Aiku Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller

(ii) Related transactions

1. Purchasing commodity

Related party	Content	Current Year	Approved trading quota	Whether the trading limit is exceeded	Last Year
		(In 10 thousand yuan)			(In 10 thousand yuan)
Sichuan Changhong Molding Technology Co., Ltd	Purchasing commodity	80,947.69	100,000.00	N	72,217.32
Sichuan Changxin Refrigeration Parts Co., Ltd.	Purchasing commodity	53,050.78			39,411.46
Sichuan Changhong Jijia Fine Co., Ltd.	Purchasing commodity	45,767.42	52,000.00	N	36,519.86
Changhong Huayi Compressor Co., Ltd.	Purchasing commodity	45,173.47	48,000.00	N	41,883.15
Sichuan Changhong Electric Co., Ltd.	Purchasing commodity	33,985.13	65,000.00	N	52,569.68
Sichuan Changhong Package Printing Co., Ltd.	Purchasing commodity	13,066.04	18,000.00	N	10,505.94
Sichuan Aichuang Science & Technology Co., Ltd.	Purchasing commodity	11,551.33	13,000.00	N	10,843.83
Mianyang Highly Electric Co., Ltd.	Purchasing commodity	10,109.13			21,625.23
ChanghongRuba Electric Company (Private) Ltd.	Purchasing commodity	6,640.82			7,078.47
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Purchasing commodity	2,570.75	3,000.00	N	1,689.38
Sichuan Changhong Electronic Products Co., Ltd.	Purchasing commodity	2,546.79	3,000.00	N	2,376.25
Sichuan Ailink Technology Co., Ltd.	Purchasing commodity	913.94	5,000.00	N	2,519.71
Sichuan Changhong Device Technology Co., Ltd	Purchasing commodity	768.89	10,000.00	N	-
Sichuan Aoku Technology Co., Ltd.	Purchasing commodity	764.15	5,000.00	N	-
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing commodity	530.29	10,000.00	N	1,218.16

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Related party	Content	Current Year	Approved trading quota	Whether the trading limit is exceeded	Last Year
Changhong International Holdings (Hong Kong) Co., Ltd.	Purchasing commodity	510.85	8,000.00	N	1,017.63
Guangdong Changhong Electronics Co., Ltd.	Purchasing commodity	417.80	10,000.00	N	579.57
Hefei Changhong Industrial Co., Ltd.	Purchasing commodity	394.74	10,000.00	N	942.42
Chengdu Guigu Environmental Tech. Co., Ltd	Purchasing commodity	22.19			0.18
Sichuan Jiahong Industrial Co., Ltd.	Purchasing commodity	8.25	5,000.00	N	0.60
Sichuan Changhong New Energy Technology Co., Ltd.	Purchasing commodity	4.31	5,000.00	N	2.70
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchasing commodity	1.62	5,000.00	N	2.86
Sichuan Changhong International Hotel Co., Ltd.	Purchasing commodity	1.17	5,000.00	N	2.00
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Purchasing commodity	0.12	10,000.00	N	5.00
Hunan Grand-Pro Intelligent Tech. Company	Purchasing commodity				152.35
Sichuan Hongran Green Energy Co., Ltd.	Purchasing commodity				87.93
Hefei Changhong New Energy Technology Co., Ltd.	Purchasing commodity				34.49
081 Electronic Group Co., Ltd.	Purchasing commodity				4.95
Sichuan Changhong Property Service Co., Ltd.	Purchasing commodity				3.03
Sichuan Hongwei Technology Co., Ltd.	Purchasing commodity				0.32
Total		309,747.67			303,294.47

2. Accept the services

Related party	Content	Current Year	Approved trading quota	Whether the trading limit is exceeded	Last Year
Sichuan Changhong Minsheng Logistics Co., Ltd.	Accept the services	616,571,560.92	750,000,000.00	N	585,263,836.50
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Accept the services	300,207,670.49	320,000,000.00	N	250,718,083.94
Sichuan Changhong Moulding Tech. Co., Ltd.	Accept the services	21,996,492.76	60,000,000.00	N	127,233.28
Sichuan Hongxin Software Co., Ltd.	Accept the services	10,867,739.17	60,000,000.00	N	10,856,658.91
Sichuan Changhong Technology Seiko Co., Ltd	Accept the services	10,671,879.96	60,000,000.00	N	11,830.19
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Accept the services	8,889,532.68			395,895.95

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Related party	Content	Current Year	Approved trading quota	Whether the trading limit is exceeded	Last Year
Sichuan Qiruik Technology Co., Ltd.	Accept the services	8,525,543.51	50,000,000.00	N	5,980,909.80
Sichuan Jiahong Industrial Co., Ltd.	Accept the services	7,421,624.51	50,000,000.00	N	3,895,237.37
Sichuan Changhong Electric Co., Ltd.	Accept the services	4,882,453.51	60,000,000.00	N	5,745,731.73
Sichuan Changhong Electronics Holding Group Co., Ltd.	Accept the services	1,954,498.90	50,000,000.00	N	1,681,313.86
Guangdong Changhong Electronics Co., Ltd.	Accept the services	1,223,519.69	60,000,000.00	N	1,128,280.15
Sichuan Aichuang Technology Co., Ltd.	Accept the services	1,069,829.75	50,000,000.00	N	131,378.07
Sichuan Changhong International Hotel Co., Ltd.	Accept the services	351,928.96	50,000,000.00	N	217,834.37
Sichuan Zhiyijia Network Technology Co., Ltd.	Accept the services	155,202.18	60,000,000.00	N	-465,679.53
Chengdu Guigu Environmental Tech. Co., Ltd	Accept the services	124,778.76			
Sichuan Changhong Property Service Co., Ltd.	Accept the services	114,522.42	50,000,000.00	N	707,185.86
Sichuan Changhong Device Technology Co., Ltd	Accept the services	81,652.50	60,000,000.00	N	
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Accept the services	73,130.53	50,000,000.00	N	748,609.37
Chengdu Guigu Environmental Tech. Co., Ltd	Accept the services	59,745.71	50,000,000.00	N	56,580.19
Sichuan Changhong Network Technology Co., Ltd.	Accept the services	24,891.99	60,000,000.00	N	
Changhong International Holdings (Hong Kong) Co., Ltd.	Accept the services				5,988,668.60
Sichuan Hongwei Technology Co., Ltd.	Accept the services				1,521,897.41
Guangyuan Changhong Electric Technology Co., Ltd.	Accept the services				1,023,131.47
Sichuan Changhong Electric Product Co., Ltd.	Accept the services				126,956.03
Orion.PDP.Co.,ltd	Accept the services				125,271.39

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Related party	Content	Current Year	Approved trading quota	Whether the trading limit is exceeded	Last Year
Sichuan Changhong International Travel Service Co., Ltd.	Accept the services				26,557.92
Total		995,268,198.90			876,013,402.83

3. Sales of goods

Related party	Content	Current Period	Last Period
		(in 10 thousand Yuan)	(in 10 thousand Yuan)
CHANGHONG(HK)TRADINGLIMITED	Sales of goods	35,986.86	29,876.00
CHANGHONGELECTRIC(AUSTRALIA)PTY.LTD.	Sales of goods	16,831.82	12,752.56
Changhong International Holdings (Hong Kong) Co., Ltd.	Sales of goods	10,146.95	16,437.09
Orion.PDP.Co.,Ltd	Sales of goods	5,156.73	3,967.89
CHANGHONG ELECTRIC MIDDLE EAST FZCO	Sales of goods	1,725.97	349.94
Changhong Europe Electric s.r.o	Sales of goods	1,376.83	7,082.16
ChanghongRuba Electric Company (Private) Ltd.	Sales of goods	1,032.08	3,262.43
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Sales of goods	704.59	655.49
Hong Yuan Ground Energy Heat Tech. Co., Ltd.	Sales of goods	571.43	2,426.82
Sichuan Changhong Minsheng Logistics Co., Ltd.	Sales of goods	254.19	32.82
Yuanxin Financial Lease Co., Ltd.	Sales of goods	245.87	
Sichuan Tianyou Guigu Technology Co., Ltd.	Sales of goods	206.70	114.92
Sichuan Changhong Electronic Co., Ltd.	Sales of goods	138.77	426.60
Leyijia Chain Management Co., Ltd.	Sales of goods	125.36	53.10
Sichuan Changhong Model Technology Co., Ltd.	Sales of goods	68.44	20,509.82
Sichuan Baiku Technology Co., Ltd.	Sales of goods	64.39	
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Sales of goods	53.43	175.73
Sichuan Changhong Electric Holding Group Co., Ltd.	Sales of goods	42.38	18.06
Sichuan Huafeng Technology Co., Ltd.	Sales of goods	35.31	
Sichuan Aiku Technology Co., Ltd.	Sales of goods	23.01	
Guangyuan Electric Technology Co., Ltd.	Sales of goods	15.00	15.43

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Related party	Content	Current Period	Last Period
Guangdong Changhong Electric Co., Ltd.	Sales of goods	10.59	33.63
Sichuan Changhong Appliance Technology Co., Ltd.	Sales of goods	10.46	71.11
Sichuan Changhong Real Estate Co., Ltd.	Sales of goods	9.72	6.63
Changhong Huayi Compressor Co., Ltd.	Sales of goods	7.26	3.76
Sichuan Changhong Technology Seiko Co., Ltd.	Sales of goods	6.20	4,883.00
Mianyang Hongshang Real Estate Co., Ltd.	Sales of goods	2.56	
Sichuan Ansifei Technology Co., Ltd.	Sales of goods	2.42	12.51
Sichuan Aichuang Technology Co., Ltd.	Sales of goods	2.19	23.03
Sichuan Qiruk Technology Co., Ltd.	Sales of goods	0.31	
Sichuan Hongxin Software Co., Ltd.	Sales of goods	0.11	12.11
Sichuan Changxin Refrigeration Parts Co., Ltd.	Sales of goods		9,921.49
Sichuan Changhong Jihuang Lithium Technology Co., Ltd.	Sales of goods		126.35
Changhong Gelanbo Technology Co., Ltd.	Sales of goods		123.88
PT.CHANGHONGELECTRICINDONESIA	Sales of goods		27.80
Sichuan Changhong Source Co., Ltd.	Sales of goods		16.99
Hefei Changhong Industrial Co., Ltd.	Sales of goods		7.89
Sichuan Changhong Precision Electronic Technology Co., Ltd.	Sales of goods		1.69
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Sales of goods		1.41
Beijing Changhong Technology Co., Ltd.	Sales of goods		0.98
Sichuan Hongmofang Network Technology Co., Ltd.	Sales of goods		0.49
Sichuan Changhong Network Technology Co., Ltd.	Sales of goods		0.39
081 Electronic Group Co., Ltd.	Sales of goods		0.08
Total		758,378.40	763,488.11

4. Providing services

Related party	Content	Current Year	Last Year
Yuanxin Financial Lease Co., Ltd.	Provide the services	2,843,225.41	493,408.67
Sichuan Changhong Electric Co., Ltd.	Providing services	2,271,754.66	4,177,122.00
Changhong Huayi Compressor Co., Ltd.	Providing services	2,049,559.70	1,245,677.91
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Provide the services	1,977,927.75	7,200.00
Sichuan Zhiyijia Network Technology Co., Ltd.	Provide the services	952,679.40	22,279.24

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

From 1 January 2022 to 31 December 2022

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

Related party	Content	Current Year	Last Year
Guangdong Changhong Electronics Co., Ltd.	Provide the services	819,840.18	491,029.63
Sichuan Huafeng Technology Co., Ltd.	Provide the services	442,842.31	13,205.66
Sichuan Changhong Model Technology Co., Ltd.	Providing services	339,008.37	193,737.60
Sichuan Changhong Electronics Holding Group Co., Ltd.	Provide the services	311,964.22	-10,800.00
Chengdu Guigu Environmental Tech. Co., Ltd	Provide the services	263,625.23	31,941.00
Sichuan Changxin Refrigeration Parts Co., Ltd.	Provide the services	229,524.66	120,655.05
Sichuan Changhong Minsheng Logistics Co., Ltd.	Provide the services	215,817.23	261,996.34
Sichuan Changhong Property Service Co., Ltd.	Provide the services	171,595.00	85,797.50
Sichuan Aiku Technology Co., Ltd.	Provide the services	156,191.31	
Sichuan Changhong Appliance Technology Co., Ltd.	Provide the services	93,760.05	90,613.21
081 Electronic Group Co., Ltd.	Provide the services	93,124.78	47,230.97
Mianyang Huafeng Hulian Technology Co., Ltd.	Provide the services	88,192.89	
Sichuan Changhong Technology Seiko Co., Ltd	Provide the services	83,244.16	271,359.98
Sichuan Changhong Jihuang Lithium Technology Co., Ltd	Provide the services	57,269.68	1,088,990.83
Sichuan Hongwei Technology Co., Ltd.	Provide the services	46,490.57	1,440.00
Guangyuan Hongcheng Industrial Co., Ltd.	Provide the services	45,871.56	
Sichuan Changhong Electronics Holding Group Co., Ltd.	Provide the services	34,555.53	79,350.88
Sichuan Changhong Precision Electronic Technology Co., Ltd	Provide the services	4,050.00	5,084.91
Sichuan Changhong Electric Product Co., Ltd.	Provide the services	3,600.00	11,021.81
Hefei Changhong Industrial Co., Ltd.	Provide the services	3,457.50	707.50
Sichuan Qirui Technology Co., Ltd.	Provide the services	1,332.00	
Changhong Gelanbo Technology Co., Ltd.	Provide the services		1,165,255.05
Sichuan Changhong Network Technology Co., Ltd.	Provide the services		610,337.12
Hong Yuan Ground Energy Heat Tech. Co., Ltd.	Provide the services		216,981.14
Sichuan Changhong Electric Technology Co., Ltd.	Provide the services		94,339.62
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Provide the services		9,433.96
Sichuan Ailian Technology Co., Ltd.	Provide the services		73.58
Sichuan Ansifei Technology Co., Ltd.	Provide the services	-2,685.82	110,932.11
Sichuan Aichuang Technology Co., Ltd.	Provide the services	-242,246.63	1,983,316.06
Total		13,355,571.70	12,919,719.33

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

5. Related rental

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

From 1 January 2022 to 31 December 2022

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

(1) Rent out

Lessor	Lessee	Type of assets	Leasing income in Current Period	Leasing income in Last Period
Changhong Meiling	Sichuan Changhong Moulding Tech. Co., Ltd.	Apartments, warehouses, factories	2,666,842.20	2,394,148.57
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	warehouse, apartment, forklift, warehouse	893,341.66	885,768.19
Changhong Meiling	Hefei Changhong Industrial Co., Ltd.	Apartments, warehouses, forklifts	611,142.15	268,530.52
Changhong Meiling	Sichuan Changhong Minsheng Logistics Co., Ltd.	apartment, office	181,355.96	214,858.71
Changhong Meiling	Sichuan Zhiyijia Network Technology Co., Ltd.	Apartment	188,256.88	188,256.88
Changhong Meiling	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Apartments, Offices, Forklifts	184,560.00	192,630.48
Changhong Meiling	Sichuan Changhong Precision Electronic Technology Co., Ltd	Apartments	63,600.00	49,200.00
Changhong Meiling	Sichuan Aichuang Science & Technology Co., Ltd.	Warehouse	51,093.26	37,519.68
Changhong Meiling	Sichuan Ailink Technology Co., Ltd.	Warehouse	1,877.88	2,549.43
Changhong Meiling	Sichuan Aoku Technology Co., Ltd.	Warehouse	9,467.90	
Zhongke Meiling	Sichuan Changhong Minsheng Logistics Co., Ltd.	Workshop		783,911.94
Jiangxi Meiling	Sichuan Changhong Moulding Tech. Co., Ltd.	Workshop	822,288.36	822,288.36
Jiangxi Meiling	Sichuan Changhong Minsheng Logistics Co., Ltd.	Warehouse Office	9,142.86	9,142.86
Jiangxi Meiling	Changhong Huayi Compressor Co., Ltd.	Warehouse	4,457.14	4,457.14
Jiangxi Meiling	Hefei Changhong Industrial Co., Ltd.	Warehouse	1,485.71	2,971.43
Jiangxi Meiling	Sichuan Aichuang Science & Technology Co., Ltd.	Warehouse	8,914.29	11,885.71
Jiangxi Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	Workshop	7,428.57	
Jiangxi Meiling	Sichuan Ailink Technology Co., Ltd.	Warehouse		742.86
Changhong Air-conditioner	Sichuan Changhong Jijia Fine Co., Ltd.	Workshop	3,601,311.97	4,297,682.47
Changhong Air-conditioner	Sichuan Changhong Minsheng Logistics Co., Ltd.	WorkshopOffice	5,329,999.71	6,597,422.88
Changhong Air-conditioner	Sichuan Changhong Electric Co., Ltd.	Workshop	1,786,799.14	3,023,158.87
Changhong Air-conditioner	Sichuan Changxin Refrigeration Parts Co., Ltd.	Processing equipment of U	206,666.67	200,000.00
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.	plant, equipment	19,563.84	

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

From 1 January 2022 to 31 December 2022

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

Lessor	Lessee	Type of assets	Leasing income in Current Period	Leasing income in Last Period
Changhong Air-conditioner	Sichuan Huafeng Enterprise Group Co., Ltd.	Conference Room		917.43
Zhongshan Changhong	Sichuan Changhong Electric Co., Ltd.	living area	64,800.00	58,964.52
Zhongshan Changhong	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	living area	84,000.00	63,000.00
Zhongshan Changhong	Sichuan Changhong Minsheng Logistics Co., Ltd.	Parts of the office building rent-out	44,297.16	44,297.16
Zhongshan Changhong	Sichuan Changhong Device Technology Co., Ltd.	living area	-	3,735.44
Zhongshan Changhong	Guangdong Changhong Electronics Co., Ltd.	living area	14,221.47	50,928.93
Ridian Technology	Sichuan Changhong Device Technology Co., Ltd.	Workshop	2,147,149.80	2,160,845.66
Ridian Technology	Sichuan Changhong Minsheng Logistics Co., Ltd.	Workshop	47,314.29	
Ridian Technology	Sichuan Hongwei Technology Co., Ltd.	Workshop		47,314.29
Total			19,079,782.54	22,445,534.08

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

From 1 January 2022 to 31 December 2022

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

(2) Lessee of related parties

Lessor	Lessee	Type of assets	Rental charges for short-term and low-value assets (if any)		Variable lease payments not included in lease liabilities measurement (if any)		Rent paid		Interest expenses on lease liabilities assumed		Increased use right assets	
			Amount of	Amount of	Amount	Amount	Amount of	Amount of	Amount of	Amount of	Amount of	Amount of
			current period	previous period	of current period	of previous period	current period	previous period	current period	previous period	current period	previous period
Hefei Changhong Industrial Co., Ltd.	Changhong Meiling	Workshop leasing					908,010.50	132,039.57	1,019,690.31	178,103.34		18,927,928.69
Sichuan Changhong Electronics Holding Group Co., Ltd.	Changhong Air-conditioner	Staff dormitory	127,468.80	176,789.29								
Sichuan Jiahong Industrial Co., Ltd.	Changhong Air-conditioner	Staff dormitory	464,805.24	183,993.72								
Sichuan Changhong Electric Co., Ltd.	Changhong Air-conditioner	VISA Laboratories	341,178.04	341,178.01								
Sichuan Changhong	Changhong Air-	Staff dormitory		3,000.00								

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

From 1 January 2022 to 31 December 2022

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

Lessor	Lessee	Type of assets	Rental charges for short-term and low-value assets (if any)		Variable lease payments not included in lease liabilities measurement (if any)		Rent paid		Interest expenses on lease liabilities assumed		Increased use right assets	
			Amount of	Amount of	Amount	Amount	Amount of	Amount of	Amount of	Amount of	Amount of	Amount of
			current period	previous period	of current period	of previous period	current period	previous period	current period	previous period	current period	previous period
Property Service Co., Ltd.	conditioner											
Chengdu Changhong Electronic Technology Co., Ltd.	Hongmei Intelligent	Office					603,257.97	639,605.43	88,127.19	48,658.27		1,911,007.15
Guangdong Changhong Electronics Co., Ltd.	Hong yuan Zhongshan	Staff dormitory	104,751.85	91,367.95								
Sichuan Changhong Minsheng Logistics Co., Ltd.	Hong yuan Zhongshan	Warehouse rental		73,962.22								
Guangdong Changhong Electronics Co., Ltd.	Zhongshan Changhong	Staff dormitory	903,316.49	1,015,654.71								

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

From 1 January 2022 to 31 December 2022

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

Lessor	Lessee	Type of assets	Rental charges for short-term and low-value assets (if any)		Variable lease payments not included in lease liabilities measurement (if any)		Rent paid		Interest expenses on lease liabilities assumed		Increased use right assets	
			Amount of	Amount of	Amount	Amount	Amount of	Amount of	Amount of	Amount of	Amount of	Amount of
			current period	previous period	of current period	of previous period	current period	previous period	current period	previous period	current period	previous period
Sichuan Changhong Electric Co., Ltd.	Mianyang Meiling	Workshop leasing					2,904,844.69	2,447,985.23	378,459.23	813,469.79	701,858.10	13,760,631.85
Sichuan Jiahong Industrial Co., Ltd.	Mianyang Meiling	Staff dormitory	34,379.52	21,239.84								
Sichuan Changhong Electronics Holding Group Co., Ltd.	Mianyang Meiling	Staff dormitory		4,363.60								
Sichuan Changhong Property Service Co., Ltd.	Mianyang Meiling	Flower rental		2,317.92								
Changhong Huayi Compressor	Jiangxi Meiling	Staff dormitory	140,483.38	41,792.55								

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

From 1 January 2022 to 31 December 2022

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

Lessor	Lessee	Type of assets	Rental charges for short-term and low-value assets (if any)		Variable lease payments not included in lease liabilities measurement (if any)		Rent paid		Interest expenses on lease liabilities assumed		Increased use right assets	
			Amount of	Amount of	Amount	Amount	Amount of	Amount of	Amount of	Amount of	Amount of	Amount of
			current period	previous period	of current period	of previous period	current period	previous period	current period	previous period	current period	previous period
Guangdong Changhong Electronics Co., Ltd.	Ridian Technology	Staff dormitory	132,045.20	126,347.33								
Chengdu Changhong Electronic Technology Co., Ltd.	Hongmei Intelligent	Office	22,542.67									
Total			2,270,971.19	2,082,007.14			4,416,113.16	3,219,630.23	1,486,276.73	1,040,231.40	701,858.10	34,599,567.69

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

From 1 January 2022 to 31 December 2022

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

6. Related guarantee

Secured party	Sponsored party	Maximum guarantee amount	Start	Date due	Completed (Y/N)
		(in 10 thousand Yuan)			
Changhong Meiling	Meiling Group	5,000.00	2021-3-5	2022-3-5	Yes
Changhong Meiling	Meiling Group	5,000.00	2022-4-18	2023-4-18	No
Changhong Meiling	Jiangxi Meiling	10,000.00	2021-7-8	2022-7-8	Yes
Changhong Meiling	Changhong air-conditioner	8,000.00	2022-3-18	2023-3-17	No
Changhong Meiling	Changhong air-conditioner	5,000.00	2021-9-24	2022-9-24	No
Changhong Meiling	Changhong air-conditioner	15,000.00	2021-12-7	2022-12-6	No
Changhong Meiling	Changhong air-conditioner	30,000.00	2022-4-18	2023-4-18	No
Changhong Meiling	Ridian Technology	4,000.00	2022-7-7	2023-7-7	No
Changhong Meiling	Ridian Technology	4,000.00	2021-9-16	2022-9-15	Yes
Changhong Meiling	Ridian Technology	3,000.00	2022-3-25	2023-3-25	No
Changhong Meiling	Ridian Technology	4,000.00	2021-3-31	2022-3-31	Yes
Changhong Meiling	Ridian Technology	3,000.00	2021-8-9	2022-8-8	Yes
Changhong Meiling	Ridian Technology	2,000.00	2022-10-25	2023-10-24	No
Changhong Meiling	Ridian Technology	3,500.00	2022-11-10	2023-11-9	No
Changhong Meiling	Zhongshan Changhong	5,000.00	2021-7-22	2022-7-22	Yes
Changhong Meiling	Zhongshan Changhong	5,000.00	2021-8-24	2022-8-23	Yes
Changhong Meiling	Zhongshan Changhong	15,000.00	2021-8-9	2022-8-8	Yes
Changhong Meiling	Zhongshan Changhong	2,000.00	2022-2-15	2023-2-14	No
Changhong Meiling	Zhongshan Changhong	18,000.00	2022-4-22	2023-4-22	No
Changhong Meiling	Zhongshan Changhong	6,000.00	2022-3-15	2023-3-15	No
Changhong Meiling	Zhongshan Changhong	10,000.00	2022-4-22	2023-4-22	No
Changhong Meiling	Zhongshan Changhong	7,000.00	2022-3-28	2023-3-29	No
Changhong Meiling	Zhongshan Changhong	13,000.00	2022-6-16	2023-6-16	No
Changhong Meiling	Zhongshan Changhong	20,000.00	2021-4-8	2022-3-18	No
Changhong Meiling	Zhongshan Changhong	13,000.00	2021-3-3	2022-3-3	No
Changhong Meiling	Zhongshan Changhong	20,000.00	2021-3-30	2022-3-30	Yes
Changhong Meiling	Zhongshan Changhong	10,000.00	2021-5-25	2022-5-25	No

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

From 1 January 2022 to 31 December 2022

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

Secured party	Sponsored party	Maximum guarantee amount	Start	Date due	Completed (Y/N)
		(in 10 thousand Yuan)			
Changhong Meiling	Zhongshan Changhong	9,000.00	2021-3-15	2022-3-15	Yes
Changhong Meiling	Zhongshan Changhong	18,000.00	2021-3-29	2022-3-29	No
Changhong Meiling	Zhongshan Changhong	20,000.00	2022-7-2	2023-7-2	No
Changhong Meiling	Zhongshan Changhong	5,000.00	2022-8-19	2023-8-19	No
Changhong Meiling	Zhongshan Changhong	15,000.00	2022-8-15	2023-8-14	No
Changhong Meiling	Zhongshan Changhong	2,000.00	2021-7-26	2022-7-26	Yes
Changhong Meiling	Meiling Life Appliances	5,000.00	2021-8-18	2022-8-8	Yes
Changhong Meiling	Meiling Life Appliances	5,000.00	2022-9-22	2023-9-21	No
Changhong Meiling	Meiling Life Appliances	2,000.00	2021-10-13	2022-10-12	Yes
Changhong Meiling	Meiling Life Appliances	4,000.00	2021-12-9	2022-11-2	No
Changhong Meiling	Meiling Life Appliances	3,000.00	2022-1-26	2023-1-26	No
Changhong Meiling	Meiling Life Appliances	5,000.00	2022-3-21	2022-8-21	Yes
Changhong Meiling	Meiling Life Appliances	5,000.00	2022-3-16	2023-3-16	No
Changhong Meiling	Meiling Life Appliances	1,000.00	2022-9-8	2023-9-8	No
Changhong Meiling	Meiling Life Appliances	500.00	2022-8-26	2023-8-26	No
Changhong Meiling	Meiling Life Appliances	5,000.00	2021-7-29	2022-7-28	Yes
Changhong Meiling	Meiling Life Appliances	5,000.00	2022-10-26	2023-10-25	No
Changhong Meiling	Meiling Life Appliances	4,500.00	2022-12-8	2023-10-24	No
Changhong Meiling	Zhongke Meiling	5,000.00	2021-5-24	2022-5-24	Yes
Changhong Meiling	Zhongke Meiling	6,000.00	2021-9-22	2022-9-22	Yes
Changhong Meiling	Zhongke Meiling	2,000.00	2022-9-20	2023-1-27	No
Changhong Meiling	Zhongke Meiling	5,000.00	2022-11-14	2023-6-19	No
Zhongke Meiling	Anhui Tuoxing	500.00	2021-4-1	2022-4-1	Yes
Zhongke Meiling	Anhui Tuoxing	500.00	2022-6-27	2023-6-27	No
Counter guarantee:					
Meiling Group	Changhong Meiling	5,000.00	2021-3-5	2022-3-5	Yes
Meiling Group	Changhong Meiling	5,000.00	2022-4-18	2023-4-18	No
Jiangxi Meiling	Changhong Meiling	10,000.00	2021-7-8	2022-7-8	Yes
Changhong air-conditioner	Changhong Meiling	8,000.00	2022-3-18	2023-3-17	No
Changhong air-conditioner	Changhong Meiling	5,000.00	2021-9-24	2022-9-24	No

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From 1 January 2022 to 31 December 2022

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Secured party	Sponsored party	Maximum guarantee amount	Start	Date due	Completed (Y/N)
		(in 10 thousand Yuan)			
Changhong air-conditioner	Changhong Meiling	15,000.00	2021-12-7	2022-12-6	No
Changhong air-conditioner	Changhong Meiling	30,000.00	2022-4-18	2023-4-18	No
Ridian Technology	Changhong Meiling	4,000.00	2022-7-7	2023-7-7	No
Ridian Technology	Changhong Meiling	4,000.00	2021-9-16	2022-9-15	Yes
Ridian Technology	Changhong Meiling	3,000.00	2022-3-25	2023-3-25	No
Ridian Technology	Changhong Meiling	4,000.00	2021-3-31	2022-3-31	Yes
Ridian Technology	Changhong Meiling	3,000.00	2021-8-9	2022-8-8	Yes
Ridian Technology	Changhong Meiling	2,000.00	2022-10-25	2023-10-24	No
Ridian Technology	Changhong Meiling	3,500.00	2022-11-10	2023-11-9	No
Zhongshan Changhong	Changhong Meiling	5,000.00	2021-7-22	2022-7-22	Yes
Zhongshan Changhong	Changhong Meiling	5,000.00	2021-8-24	2022-8-23	No
Zhongshan Changhong	Changhong Meiling	15,000.00	2021-8-9	2022-8-8	Yes
Zhongshan Changhong	Changhong Meiling	2,000.00	2022-2-15	2023-2-14	No
Zhongshan Changhong	Changhong Meiling	18,000.00	2022-4-22	2023-4-22	Yes
Zhongshan Changhong	Changhong Meiling	6,000.00	2022-3-15	2023-3-15	No
Zhongshan Changhong	Changhong Meiling	10,000.00	2022-4-22	2023-4-22	No
Zhongshan Changhong	Changhong Meiling	7,000.00	2022-3-28	2023-3-29	No
Zhongshan Changhong	Changhong Meiling	13,000.00	2022-6-16	2023-6-16	No
Zhongshan Changhong	Changhong Meiling	20,000.00	2021-4-8	2022-3-18	Yes
Zhongshan Changhong	Changhong Meiling	13,000.00	2021-3-3	2022-3-3	No
Zhongshan Changhong	Changhong Meiling	20,000.00	2021-3-30	2022-3-30	No
Zhongshan Changhong	Changhong Meiling	10,000.00	2021-5-25	2022-5-25	Yes
Zhongshan Changhong	Changhong Meiling	9,000.00	2021-3-15	2022-3-15	Yes
Zhongshan Changhong	Changhong Meiling	18,000.00	2021-3-29	2022-3-29	Yes
Zhongshan Changhong	Changhong Meiling	20,000.00	2022-7-2	2023-7-2	No
Zhongshan Changhong	Changhong Meiling	5,000.00	2022-8-19	2023-8-19	No
Zhongshan Changhong	Changhong Meiling	15,000.00	2022-8-15	2023-8-14	No
Meiling Life Appliances	Changhong Meiling	2,000.00	2021-7-26	2022-7-26	Yes
Meiling Life Appliances	Changhong Meiling	5,000.00	2021-8-18	2022-8-8	Yes

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

Secured party	Sponsored party	Maximum guarantee amount	Start	Date due	Completed (Y/N)
		(in 10 thousand Yuan)			
Meiling Life Appliances	Changhong Meiling	5,000.00	2022-9-22	2023-9-21	No
Meiling Life Appliances	Changhong Meiling	2,000.00	2021-10-13	2022-10-12	Yes
Meiling Life Appliances	Changhong Meiling	4,000.00	2021-12-9	2022-11-2	No
Meiling Life Appliances	Changhong Meiling	3,000.00	2022-1-26	2023-1-26	No
Meiling Life Appliances	Changhong Meiling	5,000.00	2022-3-21	2022-8-21	Yes
Meiling Life Appliances	Changhong Meiling	5,000.00	2022-3-16	2023-3-16	No
Meiling Life Appliances	Changhong Meiling	1,000.00	2022-9-8	2023-9-8	No
Meiling Life Appliances	Changhong Meiling	500.00	2022-8-26	2023-8-26	No
Meiling Life Appliances	Changhong Meiling	5,000.00	2021-7-29	2022-7-28	Yes
Meiling Life Appliances	Changhong Meiling	5,000.00	2022-10-26	2023-10-25	No
Meiling Life Appliances	Changhong Meiling	4,500.00	2022-12-8	2023-10-24	No
Zhongke Meiling	Changhong Meiling	5,000.00	2021-5-24	2022-5-24	Yes
Zhongke Meiling	Changhong Meiling	6,000.00	2021-9-22	2022-9-22	Yes
Zhongke Meiling	Changhong Meiling	2,000.00	2022-9-20	2023-1-27	No
Zhongke Meiling	Changhong Meiling	5,000.00	2022-11-14	2023-6-19	No
Anhui Tuoxing	Zhongke Meiling	500.00	2021-4-1	2022-4-1	Yes
Anhui Tuoxing	Zhongke Meiling	500.00	2022-6-27	2023-6-27	No

7. Assets transfer and debt reorganization of related parties

Related party	Type	Current Period	Last Period
Sichuan Hongxin Software Co., Ltd.	Purchase and construction of fixed assets	5,668,396.24	3,912,026.22
Sichuan Changhong Electric Holding Group Co., Ltd.	Construction of fixed assets	2,264,150.94	
Sichuan Changhong Electric Co., Ltd.	Construction of fixed assets	1,400,000.03	1,833,245.49
Sichuan Hongxin Software Co., Ltd.	Purchase of intangible assets	1,254,943.40	141,509.43
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchase and construction of fixed assets	536,783.19	9,990,763.76
Miyang Science & Technology City Big Data Technology Co., Ltd.	Purchase and construction of fixed assets	450,367.31	
Sichuan Changhong Jiahua Information Product Co., Ltd.	Purchase and construction of fixed assets	394,336.28	
Sichuan Qirui Technology Co., Ltd.	Purchase and construction of fixed assets	65,575.22	
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchase and construction of fixed assets	22,384.06	
Guangdong Changhong Electric Co., Ltd.	Purchase and construction of fixed assets	1,800.00	39,157.29

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From 1 January 2022 to 31 December 2022

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

Related party	Type	Current Period	Last Period
Sichuan Hongcheng Construction Engineering Co., Ltd	Purchase and construction of fixed assets		1,950,244.22
081 Electronic Group Co., Ltd.	Purchase and construction of fixed assets		1,064,220.18
Sichuan Huanyu Industrial Co., Ltd.	Purchase and construction of fixed assets		366,972.48
Sichuan Aoku Technology Co., Ltd.	Sale of fixed assets	121,030.34	
Sichuan Changhong Electric Appliance Co., Ltd	Sale of fixed assets		339,000.00
Total		12,179,767.01	19,637,139.07

8. Other

Name of company	Content	Current Period (in 10 thousand Yuan)	Last Period (in 10 thousand Yuan)
Yuanxin Financial Lease Co., Ltd.	Financing business	40,942.87	49,202.19

9. Related transaction with Changhong Finance Company

(1) Saving balance

Name of company	Year-end balance	Opening balance	Deposit interest income for the current year
Changhong Meiling Co., Ltd.	1,576,180,731.79	1,750,741,958.39	50,538,328.67
Sichuan Changhong Air-conditioner Co., Ltd	975,985,071.65	667,374,291.19	11,150,106.68
Zhongshan Changhong Electric Co., Ltd	490,792,121.80	472,478,264.48	10,354,004.01
Hefei Changhong Meiling Life Appliances Co., Ltd.	218,066,151.18	204,429,613.95	6,531,403.16
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	112,954,489.66	117,428,653.82	1,290,050.34
Zhongke Meiling Cryogenic Technology Co., Ltd	50,619,272.37	89,236,818.21	2,099,452.15
Changhong Meiling Ridian Technology Co., Ltd.	33,296,010.27	78,870,573.40	1,585,833.49
Hebei Hongmao Daily Appliance Technology Co., Ltd.	6,769,834.89	4,185,481.97	66,751.41
Hefei Meiling Group Holdings Limited	207,918.41	227,396.51	15,567.21
Anhui Tuoxing Technology Co., Ltd.	84,076.99	58,438.14	2,182.07
Mianyang Meiling Refrigeration Co., Ltd.	21,366.13	26,052.45	116.48
Ground Energy Heat Pump Tech. Co., Ltd.	13,260.69	19,795.17	72.39
Jiangxi Meiling Electric Appliance Co., Ltd.	9,626.58	9,585.70	42.11
Anhui Ling'an medical equipment Co., Ltd.	0.08		0.18
Total	3,464,999,932.49	3,385,086,923.38	83,633,910.35

(2) Discounted bills

Name of company	Bank acceptance	Bank acceptance	Discounting fees
	Discounted face amount	Discounted amount	Amount of expenses

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

Name of company	Bank acceptance	Bank acceptance	Discounting fees
Changhong Meiling Co., Ltd.	588,310,334.02	583,608,950.21	4,701,383.81
Hefei Changhong Meiling Life Appliances Co., Ltd.	100,357,828.04	99,547,412.58	810,415.46
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	49,319,997.36	48,803,378.37	516,618.99
Changhong Meiling Ridian Technology Co., Ltd.	2,761,177.78	2,743,359.00	17,818.78
Total	1,983,753,263.19	1,972,039,596.27	11,713,666.92

(3) Issuance of invoices

Name of company	Issuer	Bill amount	Types
Sichuan Changhong Air-conditioner Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	1,620,626,183.52	Bank acceptance
Zhongshan Changhong Electric Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	549,265,335.22	Bank acceptance
Changhong Meiling Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	470,123,204.32	Bank acceptance
Hefei Changhong Meiling Life Appliances Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	132,204,610.85	Bank acceptance
Hefei Meiling Group Holdings Limited	Sichuan Changhong Group Finance Co., Ltd.	107,338,138.76	Bank acceptance
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	106,388,816.96	Bank acceptance
Zhongke Meiling Cryogenic Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	73,287,905.02	Bank acceptance
Hebei Hongmao Household Appliance Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	20,395,764.16	Bank acceptance
Changhong Meiling Ridian Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	10,835,727.36	Bank acceptance
Anhui Tuoxing Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	723,282.19	Bank acceptance
Total		3,091,188,968.36	

(4) Borrowings: Nil

(5) Receivable factoring: Nil

10. Remuneration for key management

Item	Current Year (In 10 thousand yuan)	Last Year (In 10 thousand yuan)
Total remuneration	767.09	803.56
Including: performance incentive fund		

(iii) Come and go balance with related parties

1. Receivable items

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

Item	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.	440,238,552.19	68,442,866.04	590,034,682.52	
Account receivable	CHANGHONG(HK)TRADING LIMITED	60,041,559.36		14,593,546.00	
Account receivable	Changhong International Holdings (Hong Kong) Co., Ltd.	53,357,857.70	1,137,912.73	35,985,886.24	971,525.15
Account receivable	Changhong Ruba Electric Company (Private) Ltd.	41,456,983.76	41,456,983.76	39,274,379.69	2,991,971.20
Account receivable	CHANGHONG ELECTRIC (AUSTRALIA) PTY. LTD.	24,835,082.91		55,903,139.06	
Account receivable	Orion.PDP.Co.,Ltd	18,169,829.16	96,826.72	7,923,855.47	
Account receivable	Changhong Europe Electric s.r.o	9,350,935.09		3,382,179.18	
Account receivable	Sichuan Changhong Electric Appliance Co., Ltd	944,871.90		2,512,637.87	569.25
Account receivable	CHANGHONG ELECTRIC MIDDLE EAST FZCO	755,784.47		120,716.04	
Account receivable	Sichuan Yuanxin finance lease Co., Ltd.	545,991.98		7,852.07	
Account receivable	Changhong Huayi Compressor Co., Ltd.	432,726.15		642,605.16	
Account receivable	Ground Energy Heat Pump Tech. Co., Ltd.	342,203.53	57,322.40	1,251,751.92	185,439.69
Account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	288,033.65		67,279.43	
Account receivable	Sichuan Changhong Electric Holding Group Co., Ltd.	240,063.11			
Account receivable	Guangdong Changhong Electric Co., Ltd.	147,629.98		5,239.75	248.56
Account receivable	Leyijia Chain Management Co., Ltd.	33,928.00		141,775.39	
Account receivable	Sichuan Changhong Model Technology Co., Ltd.	17,580.00			
Account receivable	Sichuan Changhong Precision Electronic Technology Co., LTD	8,204.00			
Account receivable	Sichuan Changhong Minsheng Logistics Co., Ltd.	4,305.20		6,619.80	
Account receivable	Sichuan Aichuang Technology Co., Ltd.			1,595,719.32	
Account receivable	Changhong Gelanbo Technology Co., Ltd.			705,000.00	
Account receivable	Sichuan Ansifei Technology Co., Ltd.			52,448.00	
Account receivable	Sichuan Changhong International Hotel Co., Ltd.			17,064.50	
Account receivable	Sichuan Hongmofang Network Technology Co., Ltd.			4,380.00	
Account paid in advance	Sichuan Changhong Property Service Co., Ltd.	1,613.85			

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

Item	Related party	Balance at year-end		Balance at year-begin	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account paid in advance	Sichuan Ailian Technology Co., Ltd.	178.22		396.02	
Account paid in advance	Sichuan Changhong Intelligence Technology Co., Ltd.			925,280.67	
Account paid in advance	Sichuan Aichuang Technology Co., Ltd.			684,000.00	
Account paid in advance	Sichuan Yizhijia Network Technology Co., Ltd.			67,678.94	
Account paid in advance	Hefei Changhong Industrial Co., Ltd.			38,029.06	
Other account receivable	Changhong Grand-Pro Technology Co., Ltd.	267,000.00		267,000.00	
Other account receivable	Sichuan Yizhijia Network Technology Co., Ltd.	200,000.00			
Other account receivable	Sichuan Changhong Jihuang Lithium Technology Co., Ltd.	129,000.00		129,000.00	
Other account receivable	Sichuan Changhong Electric Appliance Co., Ltd.	60,000.00		59,857.21	
Other account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	42,202.32		200,000.00	
Other account receivable	Sichuan Changhong Technology Seiko Co., Ltd.	17,232.50		17,232.50	
Other account receivable	Sichuan Changhong Property Service Co., Ltd.	1,291.08			
Other account receivable	Guangdong Changhong Electric Co., Ltd.			25,899.43	
Other account receivable	Sichuan Changhong Source Co., Ltd.			19,200.00	
Total		651,930,640.11	111,191,911.65	756,662,331.24	4,149,753.85

2. Payable items

Item	Related party	Balance at year-end	Balance at year-begin
Account payable	Sichuan Changhong Moulding Tech. Co., Ltd.	102,735,433.69	27,523,349.71
Account payable	Sichuan Changhong Jijia Fine Co., Ltd.	48,446,852.70	6,608,580.22
Account payable	Sichuan Changhong Electric Appliance Co., Ltd.	24,051,245.19	115,854.26
Account payable	Changhong Huayi Compressor Co., Ltd.	21,947,957.79	3,518,643.94
Account payable	Sichuan Changhong Package Printing Co., Ltd.	20,626,143.74	5,553,060.13

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

Item	Related party	Balance at year-end	Balance at year-begin
Account payable	Changhong International Holdings (Hong Kong) Co., Ltd.	17,634,983.97	12,718,331.49
Account payable	ChanghongRuba Electric Company (Private) Ltd.	15,632,092.38	
Account payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	14,948,871.57	7,599,199.65
Account payable	Sichuan Aichuang Science & Technology Co., Ltd.	13,416,872.06	7,290,455.51
Account payable	Sichuan Aoku Technology Co., Ltd.	8,194,344.79	
Account payable	Mianyang Highly Electric Co., Ltd.	7,021,268.99	8,324,553.75
Account payable	Sichuan Changhong Device Technology Co., Ltd.	5,027,626.73	2,450,482.58
Account payable	Sichuan Changhong Electronic Products Co., Ltd.	2,892,627.07	372,065.37
Account payable	Sichuan Ailian Technology Co., Ltd.	2,098,307.00	3,014,723.46
Account payable	Sichuan Changhong Device Technology Co., Ltd.	1,728,816.01	0.18
Account payable	Sichuan Changhong Minsheng Logistics Co., Ltd.	1,633,873.17	760,136.08
Account payable	Guangdong Changhong Electronics Co., Ltd.	1,152,123.68	1,296,473.51
Account payable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	754,759.55	449,551.04
Account payable	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	670,179.94	1,911,174.67
Account payable	Sichuan Hongxin Software Co., Ltd.	490,315.10	28,301.89
Account payable	Sichuan Changhong International Hotel Co., Ltd.	99,873.00	
Account payable	081 Electronic Group Co., Ltd.	53,026.90	53,196.86
Account payable	Chengdu Guigu Environmental Tech. Co., Ltd	34,717.86	
Account payable	Sichuan Changhong New Energy Technology Co., Ltd.	27,120.00	8,000.40
Account payable	Sichuan Hongyu Metal Manufacturing Co., Ltd.	14,662.40	14,662.40
Account payable	Hefei Changhong Industrial Co., Ltd.	13,283.74	
Account payable	Sichuan Changhong Electric Holding Group Co., Ltd.	12,932.00	
Account payable	Sichuan Zhiyijia Network Technology Co., Ltd.	8,752.84	
Account payable	Sichuan Qiruik Technology Co., Ltd.	6,805.20	
Account payable	Sichuan Changhong Source Co., Ltd.	1,831.62	1,870.82
Account payable	Sichuan Jiahong Industrial Co., Ltd.	300.00	
Account payable	Hunan Grand-Pro Intelligent Tech. Company		391,610.62
Account payable	Chengdong Changhong Electric Technology Co., Ltd.		326,258.23
Account payable	Sichuan Hongcheng Construction Co., Ltd.		50,000.00
Account payable	Hong Yuan Ground Energy Heat Tech. Co., Ltd		0.01

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

Item	Related party	Balance at year-end	Balance at year-begin
Account payable	Sichuan Changhong International Travel Service Co., Ltd		90,789.00
Contract liability	Sichuan Aichuang Technology Co., Ltd.	1,961,333.35	
Contract liability	Sichuan Changhong Intelligence Manufacturing Technology Co., Ltd.	1,120,221.22	
Contract liability	Sichuan Changhong Electric Appliance Co., Ltd	447,676.77	547,736.39
Contract liability	Chengdu Guigu Environmental Tech. Co., Ltd	171,499.69	1,520.35
Contract liability	CHANGHONG ELECTRIC MIDDLE EAST FZCO	92,761.51	
Contract liability	Sichuan Baiku Technology Co., Ltd.	71,396.02	
Contract liability	Leyijia Chain Management Co., Ltd.	70,485.08	828,419.67
Contract liability	Sichuan Qisai Microelectronic Co., Ltd.	65,599.81	
Contract liability	Yibin Hongxing Electric Co., Ltd.	43,362.83	
Contract liability	Hong Yuan Ground Energy Heat Tech. Co., Ltd	39,343.58	41,894.81
Contract liability	Sichuan Changhong Source Co., Ltd	27,300.88	
Contract liability	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	10,174.94	303,764.99
Contract liability	Sichuan Changhong Electric Holding Group Co., Ltd.	4,495.58	
Contract liability	Sichuan Anshifei Technology Co., Ltd.	2,736.19	
Contract liability	CHANGHONG(HK)TRADINGLIMITED	893.51	817.96
Contract liability	081 Electronic Group Co., Ltd.	22.61	22.61
Contract liability	Sichuan Changhong International Hotel Co., Ltd	0.88	
Contract liability	Guangyuan Changhong Electric Technology Co., Ltd.	0.03	
Contract liability	Sichuan Aoku Technology Co., Ltd.		358,528.90
Contract liability	Sichuan Changhong Device Technology Co., Ltd.		59,317.08
Contract liability	Guangyuan Hongcheng Industrial Co., Ltd.		22,935.78
Contract liability	Sichuan Changhong Minsheng Logistics Co., Ltd.		3,362.83
Contract liability	Sichuan Tianyou Guigu Technology Co., Ltd		185.84
Contract liability	Sichuan Zhiyijia Network Technology Co., Ltd.		34.38
Lease liability	Hefei Changhong Industrial Co., Ltd.	17,887,878.62	24,644,347.94
Lease liability	Sichuan Changhong Electric Ap Chengdu Changhong Electronic Technology Co., Ltd.	9,129,947.19	11,332,933.78
Lease liability	Chengdu Changhong Electronic Technology Co., Ltd.	10,468.90	977,917.93
Other payable	Sichuan Changhong Minsheng Logistics Co., Ltd.	111,049,082.37	100,309,779.69
Other payable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	80,970,437.14	116,814.89
Other payable	Yuanxin Financial Lease Co., Ltd.	79,112,334.67	79,697,695.46

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

Item	Related party	Balance at year-end	Balance at year-begin
Other payable	Sichuan Changhong Moulding Tech. Co., Ltd.	2,700,501.98	2,194,205.68
Other payable	Changhong Huayi Compressor Co., Ltd.	1,698,900.00	1,598,900.00
Other payable	Sichuan Changhong Jineng Sounshine Technology Co., Ltd.	500,000.00	500,000.00
Other payable	Sichuan Qiruik Technology Co., Ltd.	479,244.80	175,244.04
Other payable	Sichuan Zhiyijia Network Technology Co., Ltd.	429,131.05	784,247.43
Other payable	Sichuan Changhong Jijia Fine Co., Ltd.	400,500.00	400,500.00
Other payable	Sichuan Changhong Intelligence Manufacturing technology Co., Ltd.	255,867.10	608,075.10
Other payable	Hunan Grand-Pro Intelligent Tech. Company	200,000.00	250,000.00
Other payable	Sichuan Aoku Technology Co., Ltd.	189,859.40	96,455.34
Other payable	Sichuan Hongxin Software Co., Ltd.	160,000.00	
Other payable	Sichuan Aichuang Technology Co., Ltd.	100,000.00	
Other payable	Sichuan Changhong Electric Appliance Co., Ltd	81,251.02	43,634.53
Other payable	Sichuan Jiahong Industrial Co., Ltd.	74,316.41	18.00
Other payable	Sichuan Changhong Package Printing Co., Ltd.	50,000.00	50,000.00
Other payable	Sichuan Ailian Technology Co., Ltd.	50,000.00	50,000.00
Other payable	Sichuan Changhong Electronic Products Co., Ltd.	50,000.00	50,000.00
Other payable	Hefei Changhong Industrial Co., Ltd.	50,000.00	
Other payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	46,702.03	46,702.03
Other payable	Guangdong Changhong Electronics Co., Ltd.	38,429.50	79,304.55
Other payable	CHANGHONG(HK)TRADINGLIMITED	29,808.54	26,435.95
Other payable	Sichuan Hongwei Technology Co., Ltd.		220,425.76
Other payable	Changhong International Holdings (Hong Kong) Co., Ltd.		52,728.63
Other payable	Sichuan Changhong Electronics Holding Group Co., Ltd.		35,359.74
Other payable	Chengdu Guigu Environmental Tech. Co., Ltd		25,132.00
Other payable	Sichuan Changhong Precision Electronic Technology Co., Ltd		0.01
	Total	621,251,965.88	317,006,725.85

(iv) Commitments from related parties: Nil

XII. Share-based payment: Nil

XIII. Contingency

1. Pending action or possible liabilities formed from arbitration

In November 2021, Zhejiang Teruisi Pharmaceutical Co., Ltd. filed a lawsuit against Zhongke Meiling for the "Contract for Cold Storage Design, Equipment Procurement and Installation Construction". Currently, a third-party engineering quality appraisal agency is conducting quality appraisal of the objects under the contract, the boot-up and operation test has been initially completed, and Zhongke Meiling intends to advocate maintenance of the cold storage project, and the maintenance cost is estimated to be 1,793,030.00

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yuan.

2. Contingency from external guarantee: Nil

3. Other contingency: Nil

XIV. Commitments: Nil

XV. Events occurring after the balance sheet date

1. Important non-adjustment items: Nil

2. Profit distribution:

For year of 2022, the individual statement of the parent company show net profit of 180,902,350.76 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 952,820,937.05 yuan, deducted the 2021 profit distributed 51,496,185.75 yuan and after extract for statutory surplus reserve 18,090,235.08 yuan, the retained profit in individual statement of the parent company cumulative counted as 1,064,136,866.98 yuan at end of 2022. In addition, for year of 2022, the net profit attributable to owners of parent company amounted as 244,538,734.49 yuan. According to relevant regulations, the consolidated statement covers and retained profit of 734,129,724.00 yuan at the beginning of the year, after deducted the 2021 profit distribution of 51,496,185.75 yuan and extract for statutory surplus reserves of 18,090,235.08 yuan, the cumulative retained profit of the consolidated statement at end of 2022 is 909,082,037.66 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 2022 is the cumulative undistributed profit of 909,082,037.66 yuan in the consolidated statement at the end of 2022.

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 Company distributed a cash dividend of RMB 0.9 (including tax) for every 10 shares to all shareholders based on the total share capital of 1,029,923,715 shares on December 31, 2022, with no bonus or conversion of reserve fund into share capital. It is expected to distribute a cash dividend of RMB 92,693,134.35 After this distribution, it is estimated that the remaining accumulated undistributed profit of the parent company is RMB 971,443,732.63, and the remaining undistributed profit will be carried forward

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to the next year for distribution.

The aforesaid proposals have been deliberated and approved at the 31st session of 10th BOD, and is subject to the approval of shareholders general 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

Item	In RMB 10,000					
	Refrigerator , freezer Washing machine	Air- conditione r	Small home appliances	Other	Sales in branch	Total
Operation income	856,404.86	992,462.74	187,015.90	39,205.49	53,566.97	2,021,522.02
Including: foreign trade income	849,318.67	992,432.38	164,939.35	14,831.62		2,021,522.02
Income from transactions between divisions	7,086.18	30.37	22,076.55	24,373.87	53,566.97	
Operation expenses	872,122.55	976,836.38	183,685.39	35,052.99	53,433.28	2,014,264.03
Operation profit	-15,717.69	15,626.36	3,330.51	4,152.50	133.69	7,257.99
Total assets	1,144,102.37	532,976.11	82,175.95	21,328.23	176,209.59	1,604,373.07
Total liability	631,664.78	400,090.39	57,697.34	8,121.41	32,716.40	1,064,857.52
Supplementary information						
Depreciation and amortization expenses	21,561.66	14,927.46	389.47	601.53	-21.23	37,501.35
Capital expenditure	19,679.39	13,799.56	27.27	1,059.00	54.87	34,510.35

Total assets do not include deferred income tax assets, and total liabilities exclude deferred income tax liabilities.

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

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

From 1 January 2022 to 31 December 2022

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

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	966,219,951.36	80.19	41,766,187.59	4.32	924,453,763.77
Including: Related party payments	930,280,151.88	77.21	40,223,800.95	4.32	890,056,350.93
Account receivable with letter of credit	28,689,555.75	2.38			28,689,555.75
Account receivable with single minor amount but withdrawal single item bad debt provision	7,250,243.73	0.60	1,542,386.64	21.27	5,707,857.09
Account receivable withdrawal bad debt provision by portfolio	238,724,048.45	19.81	17,616,043.17	7.38	221,108,005.28
Including: account receivable of engineering customers					
Receivables other than engineering customers	238,724,048.45	19.81	17,616,043.17	7.38	221,108,005.28
Total	1,204,943,999.81	100.00	59,382,230.76	4.93	1,145,561,769.05

(Continued)

Category	Amount at year-begin				Book value
	Book balance		Bad debt provision		
	Amount	Ratio(%)	Amount	Ratio(%)	
Account receivable that withdrawal bad debt provision by single item	1,416,366,794.95	88.42	2,554,877.42	0.18	1,413,811,917.53
Including: Related party payments	1,390,662,728.52	86.82	2,203,703.69	0.16	1,388,459,024.83
Account receivable with letter of credit	25,352,892.70	1.58			25,352,892.70
Account receivable with single minor amount but withdrawal single item bad debt provision	351,173.73	0.02	351,173.73	100.00	
Account receivable withdrawal bad debt provision by portfolio	185,510,434.61	11.58	16,670,455.89	8.99	168,839,978.72
Including: account receivable of engineering customers	6,246,264.00	0.39	3,123,132.00	50.00	3,123,132.00
Receivables other than engineering customers	179,264,170.61	11.19	13,547,323.89	7.56	165,716,846.72
Total	1,601,877,229.56	100.00	19,225,333.31	1.20	1,582,651,896.25

1) Provision for bad debts of account receivable on an individual basis

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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, Involving 4 customers.

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)	201,773,944.94	2,017,739.45	1.00
Over 3 months and within 6 months (6 months included)	9,319,360.50	931,936.05	10.00
Over 6 months and within one year (One year included)	5,821,154.56	1,164,230.91	20.00
over one year-within two years (2 years included)	13,330,951.73	6,665,475.87	50.00
Over 2 years - within 3 years (3 years included)	8,209,879.17	6,567,903.34	80.00
Over 3 years	268,757.55	268,757.55	100.00
Total	238,724,048.45	17,616,043.17	

(2) By account age

Account age	Ending balance	Opening balance
Within 3 months(3 months included)	1,100,472,354.68	667,235,077.95
Over 3 months and within 6 months (6 months included)	30,307,002.60	867,911,914.43
Over 6 months and within one year (One year included)	18,031,084.91	35,781,521.18
over one year-within two years (2 years included)	31,469,257.52	13,453,956.99
Over 2 years - within 3 years (3 years included)	8,570,995.44	6,594,527.78
Over 3 years	16,093,304.66	10,900,231.23
Total	1,204,943,999.81	1,601,877,229.56

(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	19,225,333.31	40,156,897.45			59,382,230.76
Total	19,225,333.31	40,156,897.45			59,382,230.76

(4) Top 5 balance of account receivable aggregated by the debtor at end of the period amounted to

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965,166,380.36 yuan, accounted for 80.10% of the receivables at balance of current period-end, the bad debt provision amounted as 41,248,943.79 yuan.

(5) Receivables derecognized due to the transfer of financial assets: 701,181,578.79 yuan

(6) There are no receivables and the amount of assets and liabilities formed by continued involvement

2. Other account receivable

Item	Ending balance	Opening balance
Other account receivable	29,903,408.82	40,708,614.68
Total	29,903,408.82	40,708,614.68

(1) By nature

Nature	Ending book balance	Opening book balance
Export tax refund and Other tax refundable	12,703,975.11	26,634,190.54
Cash deposit	2,528,111.92	2,788,111.92
Loans of employee's pretty cash	7,342,858.38	4,383,234.18
Related party in consolidation statement	5,162,387.15	4,859,662.12
Related party not in consolidation statement	42,202.32	200,000.00
Other	2,173,873.94	1,893,415.92
Total	29,953,408.82	40,758,614.68

(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 1 Jan. 2022			50,000.00	50,000.00
Book balance of other account receivable in Current Period as at 1 Jan. 2022	—	—	—	—
--Transfer to the second stage				
--Transfer to the third stage				
--Reversal to the second stage				
--Reversal to the first stage				
Provision in Current Period				
Reversal in Current Period				
Conversion in Current Period				

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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)	
Write off in Current Period				
Other change				
Balance as at 31 December 2022			50,000.00	50,000.00

(3) By account age

Account age	Ending balance	Opening balance
Within 3 months (3 months included)	24,770,884.16	34,703,730.05
Over 3 months and within 6 months (6 months included)	261,521.34	1,390,793.47
Over 6 months and within one year (One year included)	536,189.02	1,144,671.71
over one year-within two years (2 years included)	1,445,151.00	1,556,311.89
Over 2 years - within 3 years (3 years included)	1,360,620.00	899,400.00
Over 3 years	1,579,043.30	1,063,707.56
Total	29,953,408.82	40,758,614.68
Total	39,074,164.97	40,758,614.68

(4) Top 5 balance of other account receivable aggregated by the debtor at end of the period

Name of the unit	Nature	Ending balance	Account age	Proportion of the total period-end balance of other receivable (%)	Ending balance of bad debt reserve
Unit I	Export rebates	12,703,975.11	Within 3 months	42.41	
Unit II	Related party payment	2,290,216.37	Within 3 months	7.65	
Unit III	Temporary payment	2,173,873.94	Within 3 months	7.26	
Unit IV	Related party payment	1,955,100.37	Within 3 months ,3-6 months	6.53	
Unit V	Employee petty cash	1,952,828.58	Within 3 months ,3 -6 Months,1 year,2 years-3 years	6.52	
Total		21,075,994.37		70.37	

(5) There are no receivables involving government subsidies

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(6) There are no other receivables derecognized due to the transfer of financial assets.

(7) There are no other receivables and the amount of assets and liabilities formed by continued involvement

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3. Long-term equity investments

(1) Classification of long-term equity investments

Item	Ending balance			Opening balance		
	Book balance	Impairment loss	Book value	Book balance	Impairment loss	Book value
Investment in subsidiaries:						
Zhongke Meiling Cryogenic Technology Co., Ltd	42,652,000.00		42,652,000.00	42,652,000.00		42,652,000.00
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00		95,000,000.00	95,000,000.00		95,000,000.00
Hefei Meiling Electric Appliances 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	304,856,419.37		304,856,419.37
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	91,082,111.12		91,082,111.12
Meiling CANDY Washing Machine Co., Ltd				60,000,000.00	27,675,208.01	32,324,791.99
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	6,889,100.00		6,889,100.00
Hefei Changhong Meiling Life Appliances Co., Ltd.	35,000,000.00		35,000,000.00	35,000,000.00		35,000,000.00
Investment in associates:						
Hefei Xingmei Assets Management	19,899,176.44		19,899,176.44	19,835,366.84		19,835,366.84

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

Item	Ending balance			Opening balance		
	Book balance	Impairment loss	Book value	Book balance	Impairment loss	Book value
Co., Ltd.						
Sichuan Zhiyijia Network Technology Co., Ltd.	51,850,179.61		51,850,179.61	45,787,014.55		45,787,014.55
Total	1,856,359,424.33		1,856,359,424.33	1,910,232,449.67	27,675,208.01	1,882,557,241.66

(2) Investment in subsidiaries

Invested enterprise	Opening balance	Increased in Current Period	Decreased in Current Period	Ending balance	Provision for impairment losses in the Period	Ending balance of impairment
Zhongke Meiling Cryogenic Technology Co., Ltd	42,652,000.00			42,652,000.00		
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00			95,000,000.00		
Hefei Meiling Electric Appliances Marketing Co., Ltd	54,900,000.00			54,900,000.00		
Zhongshan Changhong Electric Co., Ltd	304,856,419.37			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.	91,082,111.12			91,082,111.12		
Hefei Changhong Meiling Life Appliances Co., Ltd.	35,000,000.00			35,000,000.00		
Meiling CANDY Washing Machine Co., Ltd	60,000,000.00		60,000,000.00			
Hefei Meiling Wulian Technology Co., Ltd	6,000,000.00			6,000,000.00		
CH-Meiling.International (Philippines) Inc.	6,889,100.00			6,889,100.00		

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From 1 January 2022 to 31 December 2022

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

Invested enterprise	Opening balance	Increased in Current Period	Decreased in Current Period	Ending balance	Provision for impairment losses in the Period	Ending balance of impairment
Total	1,844,610,068.28		60,000,000.00	1,784,610,068.28		

(3) Investment in associates

Invested enterprise	Opening balance	Changes in Current Period								Ending balance	Ending balance of impairment
		Additional Investment	Negative Investment	Investment income recognized under equity	Adjustment for other comprehensive income	Other equity change	Cash dividend or profit announced to issued	Provision for impairment loss	Other		
Hefei Xingmei Assets Management Co., Ltd.	19,835,366.84			5,133,209.60			5,069,400.00			19,899,176.44	
Sichuan Zhiyijia Network Technology Co., Ltd.	45,787,014.55			6,063,165.06						51,850,179.61	
Total	65,622,381.39			11,196,374.66			5,069,400.00			71,749,356.05	

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From 1 January 2022 to 31 December 2022

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

4. Operation income, operation cost

(1) Operation income and operation cost

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main business	6,895,525,518.29	6,249,708,036.25	6,269,665,154.77	5,961,603,587.31
Other business	502,803,114.71	470,539,689.79	1,558,625,413.18	1,504,868,816.56
Total	7,398,328,633.00	6,720,247,726.04	7,828,290,567.95	7,466,472,403.87

(2) Main business - Classified according to product

Product	Current Period		Last Period	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator, freezer	5,993,436,795.13	5,524,684,113.61	5,616,008,389.43	5,336,569,969.26
air conditioner	5,518,915.06	5,357,940.73	9,710,128.34	9,624,142.71
Washing machine	664,313,682.51	600,074,230.97	501,650,494.16	481,590,996.66
Small household appliances and kitchen and bathroom	231,527,349.84	118,997,813.34	141,304,122.43	133,042,607.04
Other	728,775.75	593,937.60	992,020.41	775,871.64
Total	6,895,525,518.29	6,249,708,036.25	6,269,665,154.77	5,961,603,587.31

(3) Main business - Classified according to region

Region	Current Period		Last Period	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	4,595,509,445.92	4,242,198,320.28	3,755,627,585.57	3,652,876,947.70
Overseas	2,300,016,072.37	2,007,509,715.97	2,514,037,569.20	2,308,726,639.61
Total	6,895,525,518.29	6,249,708,036.25	6,269,665,154.77	5,961,603,587.31

Top five clients in sales revenue amounted as 4,326,558,532.20 yuan, a 58.48% in total operation income.

5. Investment income

Item	Current Year	Last Year
Long-term equity investment income by equity method	11,196,374.66	14,597,022.15
Investment income obtained from disposal of trading financial assets	-563,287.28	54,779,974.55
Income from financial products	756,009.30	13,016,001.33
Long-term equity investment income by cost method	47,938,347.93	2,754,000.00
Investment income of other non-current financial assets during holding period	10,260,629.45	7,596,184.95

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Item	Current Year	Last Year
The termination of income recognition for financial assets measured by amortized cost	-4,767,753.29	
Interest income from debt investment during the holding period	14,763,930.55	
Total	79,584,251.32	92,743,182.98

XVIII. Approval of financial statement

The financial statement has already been approved from the board of directors of the Company for reporting dated 30 March 2023.

XIX. 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	27,602,023.18	
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)	86,846,880.06	
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	36,077,236.23	
Reversal of the account receivable depreciation reserves subject to separate impairment test	2,834,795.58	
Other non-operating income and expenses other than the above	761,578.29	
Subtotal	154,122,513.34	
Less: impact on income tax	3,581,742.85	
Impact on minority shareholders' equity (post-tax)	8,741,529.47	
Total	141,799,241.02	—

2. Return on equity and earnings per share

Profit during the report period	Weighted average return on equity	Earnings per share/EPS (RMB/Share)	
		Diluted EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the parent company	4.96%	0.2366	0.2366
Net profit attributable to ordinary shareholders of the parent company	2.08%	0.0994	0.0994

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Profit during the report period	Weighted average return on equity	Earnings per share/EPS (RMB/Share)	
		Diluted EPS	Diluted EPS
after deduction of the non-recurring gains/losses			

Chairman: Wu Dinggang

Changhong Meiling Co., Ltd.

March 31, 2023