



CHANGHONG MEILING CO., LTD.

Semi-Annual Report 2023

August 2023

Section I. Important Notice, Contents and Interpretation

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

Mr. Wu Dinggang, Chairman of the Company, Mr. Pang Haitao, person in charge of accounting work and Mr. Yang Jun, person in charge of accounting organ (accountant in charge) hereby confirm that the Financial Report of 2023 Semi- 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

Risk warning of concerning the forward-looking statements with future planning involved in semi-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 semi-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 “X. Risks and countermeasures” of “Section III Management Discussion and Analysis”, investors are advised to read the relevant content.

Securities Times, China Securities Journal, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn) are the media for information disclosure for year of 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 semi-annual period

Applicable Not applicable

The Company has no plans of cash distribution, bonus shares and capitalizing of common reserves either.

Directors, supervisor and senior executives of the Company respectively signed Written Confirmation Opinions for 2023 Semi-Annual Report.

Supervisory Committee of the Company formed Written Examination Opinions for 2023 Semi-Annual Report.

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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 documents of the Company and manuscripts of public notices that disclosed in the website designated by CSRC in the report period;

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
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.
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 and Main Financial Indexes

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		

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
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III. Others

(I) Way of contact

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

Applicable Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2022.

(II) Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

Applicable Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2022.

(III) Other relevant information

Whether other relevant information has changed in reporting period or not

Applicable Not applicable

IV. Main accounting data and financial indexes

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

Yes No

	Current period	Same period last year	Changes in the current reporting period compared with the same period of the previous year (+,-)
Operating income (RMB)	12,828,694,323.57	10,224,503,551.19	25.47%
Net profit attributable to shareholders of the listed company (RMB)	358,054,844.74	60,375,199.25	493.05%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	381,989,843.82	4,107,468.91	9199.88%
Net cash flow arising from operating activities (RMB)	1,410,519,809.81	575,053,217.35	145.29%
Basic earnings per share (RMB/Share)	0.3477	0.0582	497.42%
Diluted earnings per share (RMB/Share)	0.3477	0.0582	497.42%
Weighted average ROE	6.69%	1.24%	Increase by 5.45 percentage points
	End of current period	End of last year	Changes at the end of the reporting period compared with the end of the previous year (+,-)
Total assets (RMB)	19,803,890,884.20	16,200,361,212.80	22.24%
Net assets attributable to shareholder of listed company (RMB)	5,445,503,647.49	5,168,286,872.09	5.36%

V. Accounting data difference under domestic and foreign accounting standards

(I) 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.

(II) 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	358,054,844.74	60,375,199.25	5,445,503,647.49	5,168,471,419.72
Items and amount adjusted by foreign accounting rules				
Foreign accounting rules	358,054,844.74	60,375,199.25	5,445,503,647.49	5,168,471,419.72

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.

(III) 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.

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

Applicable Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)		
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)	28,162,261.54	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,	-59,214,422.03	Found more in “Income of fair value changes”, “Investment income”

except for the effective hedging business related to normal operation of the Company		
Switch back of the impairment for receivables that has impairment test independently	3,588,165.07	Found more in "Account receivable"
Other non-operating income and expenses other than the above	7,689,220.58	Found more in "Non-operating income" and "Non-operating expenses"
Less: impact on income tax	-854,743.24	
Impact on minority shareholders' equity (post-tax)	5,014,967.48	
Total	-23,934,999.08	

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

Section III Management Discussion and Analysis

I. 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 two overseas manufacturing bases in Indonesia and Pakistan. Currently, we have completed the industry layout of white electricity basically, covering the full product line including refrigerator, washing machine, air conditioner, kitchen and bath, small household appliances and others, at the same time, the Company enters the new industrial fields as bio-medical and with certain achievements made.

For more than 40 years, the Company has always been adhering to the "independent innovation, created in China", and always focus on the home appliance industry with great persistence, elaborately building the core competitiveness of enterprises by technological innovation and product innovation. Relying on the cutting-edge R&D team and advanced technology, Meiling continue to achieve breakthrough results in the variable frequency, intelligence, refreshment, thin-wall, odourless, energy-saving, forced air cooling, deep cooling and other fields. The Company has set up the first RoHS public testing center in Anhui Province, the national enterprise technology center, the national industrial design center, and the 5G industrial internet innovation application laboratory. In recent years, the Company has successively awarded several national honorary titles as the "Smart Refrigerator Intelligent Manufacturing Pilot Demonstration Project", the "National Green Factory", the "National Industrial Design Center" and "National Leading Enterprises of Qualify in Home Appliance Industry" etc. At the same time, many products of Meiling have repeatedly won a number of domestic awards, continuously demonstrating the capabilities and strength of Meiling's intelligent manufacturing and Meiling brand intelligent innovation technology. At the 2023 China Refrigerator Industry Summit Forum, Meiling won the 2023 China Refrigerator Industry Smart and Healthy Brand Award, and its product Meiling M-Fresh Refrigerator BCD-600WQ5S won the title of "Pioneer of Fresh Storage". At the same time, Meiling also was awarded the first batch of *Embedding Grade Certification of Embedded Refrigerator* issued by the Organizing Committee of the 2023 China Refrigerator Industry Summit and the participation certificate of *Quality Classification and "Leader" Evaluation Requirements for Household Refrigerators*; "Frozen fresh" BCD-506WP9BDZ refrigerator won the world record of "The World's Most Constant Temperature Refrigerator in the Freezer" by World Record Association; Changhong all-dust-free fresh air conditioner won the "Nanshan Award" trophy and honorary certificate personally awarded by Academician Zhong Nanshan, Chairman of China Brand Building Indoor Air Purification Brand Cluster and Honorary President of the Association; Meiling 10KG hand-washing-like drum washing machine RS2H100 set a world record in the World Record Association as "the fastest drum washing machine in the world for cleaning white shirts stained with 10ml old stains by clean water". In addition, the product also obtained CHCT certificate of "mother-baby household appliances certification" and CVC certificate of "product double safety standard certification"; Meiling range hood (CXW-188-MY-KD615) won the "Low Noise Range Hood Award" in the evaluation of 2023 FT Quality Award; Zhongke Meiling "XC-168L Intelligent Temperature Control Medical Blood Box" and

"CX-1000 Chromatography Cabinet" passed the new product appraisal in Anhui Province and obtained the new product appraisal certificate in Anhui Province.

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 12.735 billion yuan, a 99.27% of the operating income.

II. 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, It has a younger sub-brand "AQNA", and in the meantime, it will gradually build the high-end product "M-Fresh" into a sub-brand of high-end fashion consumers, build a brand matrix and expand brand influence. The year 2023 is the 40th anniversary of the Company's founding. The Company adheres to the brand positioning of "Meiling, may the happiness come", and around the value proposition of "Beautiful China Fresh Meiling", and the brand association of "trend", "fun" and "freshness", creates a fresher lifestyle for consumers, shapes the brand impression of "Meiling = freshness" in consumers' minds, and accelerates brand revitalization. During the reporting period, the Company carried out and planned brand management activities such as event marketing and entering the campus around the young mainstream consumer groups, constantly improving brand activity and exposure, and accelerating well-knownness of the brand; It has been reported by mainstream media such as People's Daily for many times, which further enhanced the visibility and reputation of the Company's brand. In terms of products, M-fresh, Wide Narrow Door, Seamless and Frozen Fresh refrigerators have become the phenomenal faddish in the industry, the hand-washing-like washing machines with "kneading, striking and washing" have become the pioneers of hand washing, Changhong all-dust-free fresh air conditioners provide users with 5A fresh air solutions, and tea machines with special temperature and refrigerators with a temperature of -180° continuously enhances the core competitiveness of the brand. The Company constantly reshapes its brand image through differentiated innovation measures such as technological innovation, product innovation and service innovation, creates refrigerators that keep food fresher, washing machines that make clothes cleaner, air conditioners that make air fresher and household appliances that make water cleaner, thus creating a fresher

life for consumers.

(2) Product capacity

The Company has a relatively advanced and refined R&D and quality assurance system, and passed the management system certifications such as ISO9001 and ISO14001. Its products are guaranteed with high quality and reliable performance. In the meantime, the Company has authoritative certifications such as "National Enterprise Technology Center", "National Industrial Design Center", "National Intellectual Property Demonstration Enterprise, National Industrial Product Green Design Demonstration Enterprise", "National Technological Innovation Demonstration Enterprise", "China Industry-University-Research Cooperative Innovation Demonstration Enterprise", "Anhui Green Energy-Saving Refrigerator Engineering Technology Research Center", "Anhui Energy-Saving and Fresh Green Refrigerator Engineering Research Center" and "Anhui Manufacturing Innovation Center" as strong guarantees. In terms of technical research, the Company is committed to the application of basic technology research and industrialization transfer, and has established a technical strategic plan with "intelligence, frequency conversion, simulation and fresh-keeping" as the core technologies and "refrigeration, new materials and foaming" as the key technologies. In terms of product R&D, it has established a three-layer R&D system, including technical research layer, platform module layer and product management layer. The product manager responsibility system with the product management as the main body is for product definition and development, internally driving cost reduction and efficiency improvement, externally driving sales promotion, which promotes the high integration of "research, production and marketing", and links up the value chain and business chain to achieve "the same desire and the same frequency and resonance".

In terms of refrigerator products, the Company has been focusing on the refrigeration industry for 40 years, and has developed a number of different types of refrigerator products, mainly including "M-Fresh" first-generation series fresh-keeping refrigerators equipped with water molecule activation fresh-keeping technology, "M-Fresh" second-generation series fresh-keeping refrigerators with zero impact "and "slight freezing" fresh-keeping technologies, "Very Clean" second-generation refrigerators with upgraded odor purification technology, "Wide Narrow Door" series cross refrigerators, "Frozen Fresh" series refrigerators and French/Italian/two-door BCD-401WP, large-capacity and ADF+ negative ion antibacterial "Magic Stone" series (O2O) glass door refrigerators, e-commerce "Worry-free Embedded" series cross BCD-501WPU9CX, French BCD-505WPU9CX, and "Seamless" series refrigerators that are flush with the cupboard. In terms of freezer products, it has developed the thin-walled defrosting and bacteriostatic freezers, -40°C cryogenic intelligent electric control freezers, DTEB series freezers with intelligent round screen display, large-volume commercial freezers, export vertical air-cooled freezers, SC-270WE single-door refrigerated vertical display cabinets, and commercial kitchen cabinets.

In terms of washing machine products, it released the hand-washing-like products on the "Very Thin" drum platform, which not only inherits the core functions of ultra-thin and large drum diameter, but also returned to the essence of washing machine to strive to create the "clean" washing machine, establishing Meiling's position as a pioneer in cleaning as hand washing, and demonstrating the hard-core strength of its washing machine products in

the core technology field with triple efforts in cleaning technology, cleaner washing and ultra-high standard technology. In terms of export, it has actively laid out and enriched the product formation around the energy efficiency upgrade, and expanded customers.

Its air-conditioning products adhere to the product concept of "good air (dust-free and clean) + good comfort (far-reaching and near soft cooling) + good sleep (constant temperature and fresh air)", focusing on the three dimensions of "air-air sense, air vent and air control" for product upgrading and serialization layout. The Company continuously expands the breadth and depth of air-conditioning products, and based on the traditional air supply mode, deeply studies the user's use scenarios of air-conditioners, and introduces Changhong double-wing wall-mounted Q7V air-conditioner, which realizes the ultimate air supply comfort experience of "keeping out the air without blocking the coolness, blowing the air without blowing people". In addition, in order to meet the needs of different users for air-conditioning products, the Company will gradually develop high-volume cabinet air-conditioner and double-wing wall-mounted air-conditioner products. For overseas markets, the Company takes "what is suitable is the best" as its product core strategy, relies on key customers, and focuses on analyzing customer and market demand and product benchmarking, so as to finally form a product portfolio suitable for customers and effectively meet their diversified needs.

In terms of kitchen, household appliances, it adheres to product driving as the strategic support and market demand as the guidance, strengthens the R&D capabilities and optimizes product structure. During the reporting period, the intelligent tea machine launched integrates the essence of modern technology and traditional tea art, and with seven kinds of tea-making procedures, it subverts the traditional tea-making process and brings a new experience of tea drinking. In terms of kitchen and bathroom products, aiming at the water leakage of water heaters in the industry, the Company launched an integrated fine steel heating product, which completely eliminates the pain point of water leakage, and takes the lead in putting forward the 8-year warranty commitment, leading the product upgrade and service reform. In the meantime, it released the industry-leading gas self-adaptive fully premixed wall-hung boiler products, the thermal efficiency of which is higher than the national standard, and the emission of nitrogen oxides reaches five levels, achieving high efficiency, energy saving and green emission. The gas self-adaptive function better adapted to the climate and gas source changes, and the fully premixed load adjustment ratio reached 1:10, greatly improving the user's comfortable experience.

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. In the field of low-temperature storage in life science, it has independently developed a series of high-efficiency refrigeration system products, and adopted innovative auto-cascade technology, which greatly improved the stability and reliability of the products, and realized the 100% localization rate of the parts of this series of products, breaking the monopoly of foreign countries in the field of ultra-low-temperature refrigerated storage. Its technologies of

"double engines and double frequency conversion" and "equipment full-time management" developed on the basis of high-efficiency refrigeration system broke through the existing domestic ultra-low-temperature refrigeration technology level, obviously improving the product competitiveness. The newly-launched Ruigu series desktop high-speed centrifuges are in the forefront of China in terms of centrifugal force, rotational speed, precision and vibration after repeated tempering in many dimensions, with all performances fully in line with the requirements of centrifugal preparation equipment for biological components, thus guaranteeing the safety of multi-scenario laboratories.

(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.

For overseas markets, through internal and external cooperation, the Company makes full use of the excellent marketing strategy and distribution experience accumulated by China household appliances, and combines the consumption and usage habits of the local market to drive the promotion of comprehensive marketing capabilities for the international market. It actively explores the market, consolidates core customers, explore potential customers, cooperates with internationally renowned household appliance brands and large-scale electrical appliance chain channels, and continuously optimizes the customer structure. It strengthens the cooperation between ice washing and ice belt washing, realizes the rapid growth of washing machine export and balances the industrial structure. It accelerates the construction of overseas brands, enhances the popularity of overseas brands, promotes "one country, one policy", and tailors market strategies to promote market expansion.

III. Main Business Analysis

(1) Overview

Whether the disclosure is the same as the main businesses of the company engaged in during the Period

Yes No

1. Overview

In the first half of 2023, the performance of the domestic household appliance market was less than expected. Although the overseas market rebounded in the second quarter, the household appliance market has already entered a mature stage, and the industry is facing a situation of saturation and weak growth. The household appliance industry has entered a new cycle of inventory game. In the first half of the year, the Company's revenue scale achieved year-on-year growth, profitability improved, and achieved benign development. Its operating income increased by 25.47% and its net profit increased by 408.88%.

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

During the reporting period, according to the development strategy, the Company focused on "one goal", closely followed "three main lines", implemented "four management systems" and unswervingly deepened marketing transformation into business ideas, and actively promoted the implementation of business plans.

1. Refrigerator industry

At home, adhere to value orientation, improve efficiency in an all-round way, and achieve benign growth in performance. With commercial inventory turnover as the core, improve the capability of the whole supply chain, and realize the improvement of capital efficiency through retail drive. Upgrade "fresh, thin, large and embedded" with users as the center, integrate product planning ability, R&D and manufacturing ability, marketing promotion ability and user service ability, and realize the improvement of product gross profit margin. Consolidate its own channels offline to increase scale, focus on refined operations online to improve capacity, expand the pre-installation market to achieve rapid growth, and achieve double growth in both scale profit and loss in the market. Benchmark and establish a full-value linked accounting system to greatly improve management efficiency and manufacturing efficiency.

Overseas, give full play to the advantages of industrial supply chain and domestic and foreign sales synergy, and promote product frequency conversion, energy saving and air cooling in combination with overseas market demand; implement "determining production by refrigerator" to promote the efficiency of capital and inventory, and promote product efficiency through product globalization promotion.

During the reporting period, the Company's refrigerator (freezer) business realized an income of about RMB 4.098 billion, with a year-on-year increase of 22.54%.

2. Air conditioning industry

In domestic air conditioning, implement the marketing strategy of "zone management, channel expansion,

product upgrade and comprehensive retail". Under the framework of the overall strategy of benign operation, through channel expansion and product upgrade, constantly increase the market share of the base area, constantly improve the market position, and rapidly increase the online scale, achieving obvious effect of cost reduction and efficiency increase, and constant improvement of profitability. During the reporting period, the Company's domestic air-conditioning retail sales grew well, and CHIQ air-conditioning retail sales increased significantly year on year. The construction of the granary area was further strengthened. The offline self-owned channels and O2O channels increased substantially year on year, and the capital efficiency turnover increased steadily.

In terms of overseas air conditioners, accelerate channel development and deepen customer transformation, further consolidate key regional markets such as the Middle East, Latin America and Africa, and continuously increase the revenue share of TOP10 customers and new customers. Under the guidance of determining production by "sales" and integrated and efficient operation of the whole value chain, improve the overall manufacturing efficiency, reduce the cost, and achieve obvious scale effect. Improve development efficiency, realize smooth platform switching and year-on-year increase of the conversion rate of development projects and orders, achieve the annual set target of order quantity of newly developed product platforms and frequency conversion products, further enhance product competitiveness, and provide certain guarantee for sustained business growth. Reach a new high in production capacity, and increase the output in the first half of the year significantly year on year.

During the reporting period, the Company's air-conditioning business realized an income of about RMB 6.997billion, with a year-on-year increase of 30.78%.

3. Washing machine industry

In washing machines, the Company insists on differentiated competition and optimizes and adjusts the product structure. In the domestic market, based on the base market, focus on promoting outlet development, deepen channel transformation, and achieve scale improvement. Give full play to the "Very Thin" differentiated competitive advantage, closely focus on the needs of users, and launch the "Hand-Washing-Like" series drum washing machines, defining the positioning of drum waist products, and further enhancing the competitiveness of high-end products of Meiling washing machines. In terms of foreign markets, expand customer order resources through ice washing cooperation and achieve a huge breakthrough in overseas markets; Focus on ultra-thin drum, focus on resource investment, quickly enrich the export product matrix, and significantly improve product profitability; Promote the timely delivery of new products and comprehensively improve the customer service satisfaction.

During the reporting period, the Company's washing machine business realized an income of about RMB 0.557 billion, with a year-on-year increase of 41.71%.

4. Kitchen, bathroom and household appliance industry

Through accumulation and precipitation, sort out and determine the development direction with tea, cleaning and heating as the "troika" in kitchen, bathroom and household appliance industry, focus on the core product areas and help the high-quality development of the industry. Continue to promote the iteration of product technology

update, promote the successful launch of new products, optimize production processes, accelerate the upgrading of product structure, improve the marketing network system, and constantly innovate and seek breakthroughs from R&D, production to marketing.

During the reporting period, the Company's kitchen, bathroom and household appliance business realized an income of about RMB 0.853 billion, with a year-on-year increase of 17.21%.

5. Biomedical

In the biomedical industry, the Company commits to the field of life sciences, focuses on the scenario needs of users, continuously enhances the research on core technologies such as ultra-low temperature refrigeration, automation and informatization, optimizes the R&D process, and stimulates innovation vitality, dedicated to providing users with professional full-scenario solutions. It insists on user-orientation, deeply subdivides the market channel layout, improves the professional service level and constantly shapes the brand value; Promotes the standardization of production technology, improves the management level of value chain, continuously enhances product quality and production efficiency, and provides users with first-class product and service experience. In the biomedical industry, the Company mainly develops on the platform of its subsidiary Zhongke Meiling, and its products are mainly the end products such as low-temperature and ultra-low-temperature storage equipment for biological cells in the full temperature range from -180°C to 8°C , liquid nitrogen biological containers at -196°C , biosafety cabinets, clean benches, high-speed refrigerated centrifuges, as well as medical cold chain equipment and related comprehensive system solutions in the biomedical field. At present, the Company's products and solutions have been widely used in medical system, blood system, disease control system, health system, universities and scientific research institutions, biomedical enterprises, and genetic engineering and material research fields.

During the reporting period, the Company's biomedical business realized an income of about RMB 0.127 billion, with a year-on-year decrease of 40.53%.

(2) Y-o-y changes in the key financial data

In RMB

	Current Period	Same period last year	Y-o-y changes (+,-)	Causes
Operation income	12,828,694,323.57	10,224,503,551.19	25.47%	No major changes
Operation cost	11,178,914,075.83	9,061,080,531.06	23.37%	No major changes
Sales expense	786,493,259.32	666,066,309.98	18.08%	No major changes
Administrative expense	182,962,865.60	164,132,141.97	11.47%	No major changes
Financial expense	-115,013,926.27	-62,786,327.96	-83.18%	It is mainly due to the year-on-year increase in the Company's interest income and exchange income
Income tax expenses	925,010.04	-10,115,573.46	109.14%	It is mainly due to the increase in income tax expenses caused by the increase in taxable income of the Company in this period
R&D investment	279,474,680.96	272,521,887.72	2.55%	No major changes
Net cash flow from operation activity	1,410,519,809.81	575,053,217.35	145.29%	It is mainly due to the year-on-year increase in cash received by the Company

				in selling goods and providing services in this period
Net cash flow from investment activity	-471,423,480.69	-844,422,733.68	44.17%	It is mainly due to the year-on-year increase in cash received by the Company to recover its investment in this period
Net cash flow from financing activity	187,731,430.13	-352,220,645.93	153.30%	It is mainly due to limited changes in the Company's deposit in this period
Net increased amount of cash and cash equivalent	1,132,355,171.56	-602,548,686.03	287.93%	It is mainly due to the increase in net cash flow generated by the Company's operating activities in this period
Other income	32,328,256.66	48,325,391.81	-33.10%	It is mainly due to the year-on-year decrease in government subsidies received by the Company in this period
Fair value change income	-56,428,183.43	3,562,737.04	-1683.84%	It is mainly due to changes in the fair value of the Company's foreign exchange contracts in this period
Assets impairment loss	-18,167,335.89	-29,791,822.84	-39.02%	It is mainly due to the year-on-year decrease in the provision for inventory depreciation loss of the Company in this period
Assets disposition income	-	8,358,775.10	-100.00%	It is mainly due to the Company's non-asset disposal income in this period
Non-operating income	10,704,019.80	2,910,887.79	267.72%	It is mainly due to the year-on-year increase in the Company's fine income in this period

(3) Major changes on profit composition or profit resources in reporting period

Applicable Not applicable

No major changes on profit composition or profit resources occurred in reporting period

(4) Constitute of operation revenue/income

In RMB

	Current Period		Same period last year		Y-o-y changes (+,-)
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	12,828,694,323.57	100%	10,224,503,551.19	100%	25.47%
On industry					
Manufacture of household appliances	12,734,698,313.84	99.27%	10,138,489,064.28	99.16%	25.61%
Other business	93,996,009.73	0.73%	86,014,486.91	0.84%	9.28%
On products					
Refrigerator, freezer	4,224,670,444.64	32.93%	3,557,279,193.80	34.79%	18.76%
Air-conditioning	6,997,497,159.24	54.55%	5,350,650,174.76	52.33%	30.78%
Washing machine	557,352,305.32	4.34%	393,315,713.02	3.85%	41.71%
Small appliance and kitchen & toilet	852,703,435.92	6.65%	727,498,495.75	7.12%	17.21%
Other products	102,474,968.72	0.80%	109,745,486.95	1.07%	-6.62%
Other business	93,996,009.73	0.73%	86,014,486.91	0.84%	9.28%
On Area					

Domestic	8,930,940,864.80	69.62%	7,556,599,775.06	73.91%	18.19%
Foreign	3,897,753,458.77	30.38%	2,667,903,776.13	26.09%	46.10%

(5) The industries, products or regions that accounting for over 10% of the Company's operating revenue or operating profit

Applicable Not applicable

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
On Industry						
Manufacture of household appliances	12,734,698,313.84	11,126,041,806.09	12.63%	25.61%	23.24%	1.67%
On Products						
Refrigerator, freezer	4,224,670,444.64	3,452,620,652.77	18.27%	18.76%	13.10%	4.09%
Air-conditioning	6,997,497,159.24	6,383,899,125.62	8.77%	30.78%	30.09%	0.48%
On Area						
Domestic	8,842,681,381.11	7,682,608,633.44	13.12%	18.29%	16.85%	1.07%
Foreign	3,892,016,932.73	3,443,433,172.65	11.53%	46.15%	40.38%	3.65%

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

Applicable Not applicable

IV. Analysis of the non-main business

Applicable Not applicable

In RMB

	Amount	Ratio in total profit	Note	Whether be sustainable (Y/N)
Investment income	14,377,940.05	3.88%	It is mainly caused by the company's long-term equity investment and other non-current financial assets investment income	N
Gains/losses from change of fair value	-56,428,183.43	-15.22%	Mainly caused by the loss in the fair value of the company's forward foreign exchange contract in the current period	N
Asset impairment	-18,167,335.89	-4.90%	It is mainly due to the year-on-year decrease in the provision for inventory depreciation loss of the Company in this period	N
Non-operating income	10,704,019.80	2.89%	Mainly due to the company received fines income in	N

			this period	
Non-operating expense	3,014,799.22	0.81%	It is mainly caused by the scrap loss of non-current assets in the current period	N
Other income	32,328,256.66	8.72%	Mainly due to the company received government subsidies	N
Credit impairment loss	-41,081,589.83	-11.08%	It is mainly caused by the credit impairment loss of the company's accounts receivable in the current period	N

V. Analysis of assets and liability

(1) Major changes of assets composition

In RMB

	End of current period		Year-end of last year		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	7,887,243,778.77	39.83%	6,839,421,779.13	42.22%	-2.39%	It is mainly due to the decrease in the proportion caused by the increase in the total assets of the Company in this period
Account receivable	2,626,925,077.94	13.26%	1,306,871,945.85	8.07%	5.19%	It is mainly due to the increase in the Company's operating income in this period
Contractual assets	31,956,763.36	0.16%	3,530,922.13	0.02%	0.14%	No major changes
Inventory	2,300,494,914.54	11.62%	1,710,306,933.71	10.56%	1.06%	It is mainly due to the increase in production of the company in this period
Investment real estate	51,909,274.28	0.26%	52,898,060.89	0.33%	-0.07%	No major changes
Long-term equity investment	103,328,795.30	0.52%	100,384,428.50	0.62%	-0.10%	No major changes
Fix assets	2,192,986,380.31	11.07%	2,229,553,866.96	13.76%	-2.69%	It is mainly due to the decrease in the proportion caused by the increase in the total assets of the Company in this period
Construction in progress	62,914,871.29	0.32%	66,522,492.77	0.41%	-0.09%	No major changes
Right-of-use assets	32,936,873.96	0.17%	36,646,135.10	0.23%	-0.06%	No major changes
Short-term loans	881,207,127.01	4.45%	674,143,916.67	4.16%	0.29%	No major changes
Contractual liability	355,486,232.62	1.80%	358,755,397.77	2.21%	-0.41%	No major changes
Long-term loans	128,000,000.00	0.65%	148,000,000.00	0.91%	-0.26%	No major changes

Lease liability	25,339,886.55	0.13%	28,164,287.97	0.17%	-0.04%	No major changes
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(2) Main overseas assets

√ Applicable □ Not applicable

Content of assets	Reason for the formation	Asset size	Location	Operation mode	Control measure to ensure the security of assets	Income (RMB)	Foreign assets accounted for net assets of the Company	Whether exist significant impairment risk (Y/N)
60% equity of Changhong Ruba Trading Company	Investment establishment	US\$ 7.803 million	Pakistan	Sales	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media (No. 2011-028, No. 2011-032, No. 2014-023, No. 2014-026, No. 2016-027, No. 2016-032, No. 2017-053 and No. 2017-059) on 28 May 2011, 19 April 2014, 25 March 2016 and 10 August 2017	2,017,966.96	0.01%	N
40% equity of Changhong Ruba Electric Company(P private)Ltd.	Investment establishment	US\$ 6.9761 million	Pakistan	Manufacture	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media (No. 2011-028, No. 2011-032, No. 2014-023, No. 2014-026, No. 2017-053 and No. 2017-059) on 28 May 2011, 19 April 2014 and 10 August 2017		-0.45%	N
100% equity of CHANGHONG MEILING ELECTRIC INDONESIA A. PT	Investment establishment	US\$ 6 million	KELAPA GADIN G, JKT, Indonesia	Sales	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media (No. 2016-027 and No. 2016-033) on 25 March 2016	1,408,645.06	0.39%	N
100% equity of CH-Meiling International (Philippines) Inc.	Investment establishment	US\$ 1 million	Philippines	Sales	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media (No. 2019-083) on 7 December 2019.	-699,475.84	0.01%	N
Other notes	N/A							

(3) Assets and liability measured by fair value

√ Applicable □ Not applicable

In RMB

Items	Amount at the beginning period	Changes of fair value	Accumulated	Devialuat	Amount of purchase in the period	Sales in the period	Other changes	Amount at end of the period
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		gains/losses in this period	ve changes of fair value reckoned into equity	ion of with drawing in the period				
Financial assets								
1.Trading financial assets (derivative financial assets excluded)	57,660,588.67	15,221,223.22			650,000,000.00	530,000,000.00		192,881,811.89
2.Receivable financing	1,446,358,719.88						158,076,445.36	1,604,435,165.24
3.Other non-current financial assets	628,549,448.31							628,549,448.31
Subtotal of financial assets	2,132,568,756.86	15,221,223.22			650,000,000.00	530,000,000.00	158,076,445.36	2,425,866,425.44
Financial liabilities	41,961,524.78	71,649,406.65						113,610,931.43

Other changes:

Other changes in accounts receivable financing are caused by an increase in notes receivable that target both the collection of contract cash flow (collection) and the sale (endorsement or discount).

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

Yes No

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

VI. Investment analysis

(1) Overall situation

Applicable Not applicable

(2) The major equity investment obtained during the reporting period

Applicable Not applicable

Name of invested	Principal business	Method of investment	Amount of investment	Shareholding ratio	Capital sources	Partners	Term of investment	Type of products	Status of the balance sheet date	Expected return	Current investment profit and loss	Whether involved in a lawsuit(Y/N)	Date of disclosure (if any)	Index of disclosure (if any)
Sichuan Hongyun Venture Capital Partnership (Limited Partnership)	General items: Venture capital (limited to investment in unlisted enterprises).	Newly established	45,000,000.00	30.41%	Self-fund	Sichuan Hongyun Venture Stock Investment Management Co., Ltd., Sichuan Changhong Electronics Holding Group Co., Ltd., Sichuan Changhong Electric Co., Ltd.	8 years	Not applicable	Not capital has been contributed during the reporting period	Not applicable	--	N	2023-01-18	Juchao Website (www.cninfo.com.cn) N.;2023-004
Total	--	--	45,000,000.00	--	--	--	--	--	--	--	--	--	--	--

(3)The material non-equity investment during the reporting period

Applicable Not applicable

(4)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 10 thousand yuan

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	385,815.06	-5,706.20	0	352,403.63	297,359.63	273,522.02	50.23%
Total	385,815.06	-5,706.20	0	352,403.63	297,359.63	273,522.02	50.23%
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 -12.8615 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.)	R Risk analysis: 1. Market risk: domestic and international economic situation changes may lead to exchange rate fluctuations, forward foreign exchange transactions are under certain market risk. Forward foreign exchange business is aiming to reducing impact on corporate profits by foreign exchange settlement and sale prices, exchange rate fluctuations. The Company will follow up the exchange fluctuation, on the basis of target rate determined from the business, relying on the research of the foreign currency exchange rates, combined with prediction of consignments, and burdening ability to price variations due to exchange rate fluctuations, then determine the plan of forward foreign exchange contracts, and make dynamic management to the business, to ensure reasonable profit level.						

	<p>2. Liquidity risk: all foreign exchange transactions are based on a reasonable estimate of the future import and export business, to meet the requirements of the trade authenticity. In addition, forward foreign exchange transactions are processed with bank credit, will not affect liquidity of company funds.</p> <p>3. Bank default risk: if cooperative banks collapse within the contract time, the Company will not be able to transact the original foreign exchange contracts with contract price, which leads the risk of income uncertainty. So the Company chose five state-owned banks, the Chinese-funded banks in shareholding enterprise as 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 possible losses to the Company is very low.</p> <p>4. Operational risk: improper operation of the person in charge of forward foreign exchange transactions may cause related risk also. The Company has formulated related management system which defines the operation process and responsibility to prevent and control risks.</p> <p>5. The legal risks: unclear terms based in contract signed with banks for related transactions may lead legal risks when forward foreign exchange transactions are processing. The Company will strengthen legal review, and choose good bank to carry out this kind of business as to risk control.</p>
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 -- 12.8615 million yuan.
Lawsuit involved (if applicable)	Not applicable
Disclosure date for approval from the Board for investment of derivatives (if applicable)	March 31,2023
Disclosure date for approval from board of shareholders for investment of derivatives (if applicable)	April 26,2023
Special opinion on derivative investment and risk control by independent directors	Upon inspection, the Company believes that: during the reporting period, the Company carried out its foreign exchange forward deals in strict compliance with the Shenzhen Stock Exchange Self-Regulatory Guidelines No.1- Standardized Operation of the Listed Companies on main Board , the Articles of Association,Management Measures on Company Authorization, Management System in relating to Foreign Exchange Forward Deals, and these deals were conducted within the authorization scope under general meeting and board meeting. The Company conducts no foreign exchange transactions on the purpose of getting profit only, all of the forward foreign exchange transactions are operates closely related to the routine operation requirement of the Company and based on normal operating and production, which is relying on specific business operations with purpose of avoiding the preventing the risks in exchange rate. The forward foreign exchange transactions of the Company are beneficial to prevent the exchange risks exposed by import and export business and thus met its requirement for operation development. There was no speculative operation, no break of relevant rules and regulations and relevant business was conducted under corresponding decision-making procedures. Interests of the Company and entire shareholders, especially minority shareholders, were not prejudiced.

(5).Application of raised proceeds

Applicable Not applicable

The Company had no Application of raised proceeds in the reporting period.

VII. 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

VIII. Analysis of main holding company and stock-jointly companies

Applicable Not applicable

(1) 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	96,730,934	754,560,626.21	593,012,409.58	144,766,155.52	10,135,504.62	8,290,186.98
Jiangxi Meiling Electric Appliance Co., Ltd.	Subsidiary	Manufacturing of refrigeration and freezer	50,000,000	328,184,589.23	143,873,125.99	342,624,762.27	2,351,405.66	2,351,405.66
Mianyang Meiling Refrigeration Co., Ltd.	Subsidiary	Manufacturing of refrigeration and freezer	100,000,000	159,522,694.57	119,181,147.86	137,328,929.86	-1,357,020.65	-1,348,944.20
Zhongshan Changhong Electric Co., Ltd.	Subsidiary	R&D, manufacturing and foreign sales of air-conditioning	334,000,000	2,462,854,184.48	244,766,429.53	2,169,881,371.60	56,608,036.07	56,165,205.29
Hefei Meiling Group Holdings Limited	Subsidiary	Sales of white goods	80,000,000	1,430,345,893.12	-342,981,811.68	2,719,116,720.36	85,143,362.37	84,078,672.41
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	261,521,088.78	136,476,648.31	105,403,861.00	-1,951,579.93	-1,894,959.92
Hefei Changhong Meiling Life Appliances Co., Ltd.	Subsidiary	R&D and sales of household appliances, kitchen appliances and small home appliances	50,000,000	553,004,901.45	105,950,258.24	775,737,017.98	24,318,692.41	23,764,641.11

Note: The basic information and financial information of the main subsidiaries and participating companies can be found in the notes to the financial statements of this report, including "VIII. Equity in Other Entities"

(2) Subsidiary obtained and disposed in the period

Applicable Not applicable

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

Applicable Not applicable

IX. Structured entity controlled by the Company

Applicable Not applicable

X. Risks and countermeasures

(1) Risks and countermeasures

Although the downward pressure on the domestic economy has been eased, the scissors gap between CPI and PPI still reveals the current situation of insufficient market demand, insufficient consumer willingness and low prices. In the second half of 2023, the Company will face risks such as intensified industry competition, exchange rate fluctuation, price fluctuation risk of bulk materials, trade friction and geopolitical influence.

1. Risk of intensified industry competition

The household appliance industry market in which the Company is located has changed from incremental market competition to stock market competition. The upgrading of household appliance product structure has become a new growth point, and the demand for upgrading has become dominant. At the same time, under the background of the overall slowdown of the industry scale, the industry competition has become increasingly fierce.

2. Risk of exchange rate fluctuation

Affected by the international situation, the exchange rate fluctuated greatly in the first half of the year. The Company will pay close attention to the exchange rate changes in order to operate steadily, control risks and 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, plastics and chemical materials, etc. 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 the second half of the year and the shortage in the first half of the year, in the second half of 2023, the Company will seize the opportunity, turn crisis into opportunity, and implement the business plan from the following aspects in part (II).

(2) Operation plan for second half of the year

Under the guidance of strategic planning, in the second half of the year, the Company will continue to focus on "one goal", closely follow the "three main lines", implement the "four management systems" and unswervingly deepen marketing transformation into business ideas, and strive for scale growth to exceed the industry average under the premise of continuous improvement of profit and loss; Around the trend and differentiation, it will create products with unique value, determine the competitors, formulate competitive strategies around products, regions and channels, continuously promote the improvement of capital efficiency, channel efficiency, product efficiency and management efficiency. The main work is as follows:

1. Refrigerator industry

The Company firmly promotes value orientation and comprehensively improves efficiency at home. It accelerates the marketing transformation and business model optimization, and based on the data support system, it continuously optimizes the delivery cycle, increases the proportion of direct delivery of products, continuously shortens the turnover days of commercial inventory, and improves the efficiency of funds. It insists on scientific and technological innovation and customer orientation, has insight into consumers' needs and technological development trends, constructs a three-layer R&D system, implements the product manager responsibility system, and forms the product competitive advantage of "excellent products + faddish products" based on the refined management of product structure. On the market side, it firmly promotes channel transformation, traditional channel transformation, chain channel upgrading and incremental channel expansion, and maintains the improvement of profitability; It also continues to benchmark and strengthen the continuous improvement of internal efficiency.

In overseas markets, it adheres to the market strategy of "raising unit price, strengthening promotion, improving structure and enhancing coordination", focuses on large-volume products with high value and high potential, strengthens cooperation with OEM customers with brand thinking, increases customer loyalty through the Company's product strength, gives full play to internal and external coordination advantages, focuses on the Company's medium- and long-term strategic market and key markets and key customers whose scale has recovered rapidly after the decline in sea freight, and explores new market opportunities. At the same time, it strengthens the management of production, marketing and storage internally to improve the efficiency of funds, increases team and product investment in brand business, and continues to promote the construction of overseas independent brands.

2. Air conditioning industry

In the domestic market, it focuses on products, regions and customers, activates the team, strengthens the management and control of the value chain, and focuses on "channel expansion and product upgrade". On the channel side, it solidifies the basic channels, develops blank areas, expands cooperation areas, strengthens the efforts

in TOP channels and O2O sinking channels, and continues to strengthen the market construction and share promotion of Sichuan-Chongqing base areas; On the product side, it continues to innovate, optimizes the air supply mode, improves the appearance technology, enhances the product quality, and provides users with more comfortable, energy-saving and healthy air-conditioning products on the basis of continuously promoting "all-dust-free" and "living and dining cabinet" products. It also expands the scale of multi-connected, modular machines and low-temperature heat pump products, and promotes small heat pumps. At the same time, it makes brand promotion plans, plans brand TVC, invests in high-speed rail naming, strengthens new media cooperation, maintains online traffic and popularity, and strengthens brand promotion and communication.

In terms of overseas market, on the marketing side, it balances the market area and improves the customer structure; On the R&D side, it upgrades product iterations and improves team capabilities; On the manufacturing side, it realizes fine management of manufacturing and lean operation of production and marketing; On the purchasing side, it continues to learn from benchmarking and improve supply capacity; On the operational side, it accelerates system construction and provides organizational guarantee; On the financial side, it stabilizes the risk control system and supports business development; In terms of informatization, it understands business logic and improves process efficiency.

3. Washing machine industry

In terms of washing machine products, in the second half of the year, it will focus on waist products drum "hand-washing-like" and pulsator "Hercules", enrich the product formation and upgrade the product structure around the outstanding features of washing machines such as "clean", "thin" and "intelligent", and through the appearance upgrade, function upgrade, cleaning upgrade and other optimization, it will comprehensively enhance product competitiveness. In terms of market, in domestic sales, it continues to promote the "Anhui Take-off" plan consolidates the construction of basic channels, and ensures the steady growth of domestic sales. In export, it realizes the ice washing cooperation of the whole product line, focuses on key areas and big customers, and takes differentiated products as a breakthrough to achieve a rapid breakthrough in scale.

4. Kitchen, bathroom and household appliance industry

It continues to consolidate the core product market and further enhances the brand influence. For the product line of tea, it focuses on the cost reduction and function enhancement of self-made products, constantly strengthens the core competitiveness, and fully promotes the improvement of business quality; For the product line of cleaning appliances, it focuses on strengthening the functions of the project team and promoting the rapid development of the project; For the heating product line, it continues to take the marketing strategy as the guide, speeds up the development and marketing of gas core technologies, and quickly realizes the marketization of products. It continuously integrates product resources, improves operating efficiency, and realizes the "troika" marching hand in hand through measures such as R&D convergence and marketing strategy adjustment.

5. Biomedical

It unswervingly implements the development strategy of "diversification based on biomedical field", focuses on the field of life sciences, deepens the construction of customer-oriented domestic and international channel system, deeply explores the needs and potentials of users around the comprehensive user strategy, continuously innovates products and technologies, improves service level, and expands user coverage and product market share. The Company always adheres to the business philosophy of "technology-founded, product-based, market-oriented and customer-centered", and continues to operate steadily around the business principles of deepening channels, innovating products, optimizing quality and improving efficiency.

Section IV Corporate Governance

I. AGM(Annual General Meeting) and extraordinary general meeting

(1)AGM held in the period

Meeting	Type	Participation ratio for investors	Meeting date	Disclosure date	Resolution
2022 AGM	Annual General Meeting	39.8034%	April 25,2023	April 26,2023	The General Meeting have approved 16 proposals in total, including “Report on Works of BOD for year of 2022”, “Report on Works of BOS for year of 2022”, “Annual Report of 2022 and Its Summary”, “Financial Statement Report for year of 2022”, “ Plans of Profit Distribution for year of 2022”, “Renewal of the Audit Institution on Financial Report and Internal Control for year of 2023 and Payment of Remuneration”, found more in the “Resolution of 2022 Annual General Meeting” (No.: 2023-033) released on Juchao Website www.cninfo.com.cn
First Extraordinary General Meeting of 2022	Extraordinary General Meeting	36.9723%	May 10,2023	May 11,2023	The General Meeting has approved Two proposals-“Change of the Accounting Policy of 2023”and “Proposal on Amending Part of the Articles of Association of the Company ”, found more in the “Resolution of 2022 First extraordinary General Meeting of 2023” (No.: 2023-033) released on Juchao Website www.cninfo.com.cn

(2) Request for extraordinary general meeting by preferred stockholders with rights to vote

Applicable Not applicable

II. Changes of directors, supervisors and senior executives

Applicable Not applicable

Name	Title	types	date	reason
Liu Hongwei	executive vice president	Dimission	May 24, 2023	Due to personal reasons, he applied to resign from his position as Executive Vice President of the company.

III. Profit distribution plan and capitalizing of common reserves in the period

Applicable Not applicable

There are no cash dividend, bonus and capitalizing of common reserves carried out in the semi-annual

IV. Implementation of the company’s stock incentive plan, employee stock ownership plan or other employee incentives

Applicable Not applicable

The Company has no implementation of the company's stock incentive plan, employee stock ownership plan or other employee incentives in the period.

Section V Environmental and 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

The Company and subordinate subsidiaries Changhong Air-conditioning are not belongs to the key emission units announced by the authority of environmental protection.

1. Policies and industry standards related to environmental protection

In their daily production and operation, the Company and its subsidiaries strictly abide by the requirements in the Environmental Protection Law of the People's Republic of China, Environmental Impact Assessment Law of the People's Republic of China, Law on Prevention and Control of Water Pollution of the People's Republic of China, Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China, Law on Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China, 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, and other relevant laws and regulations.

During the reporting period, Changhong Air Conditioning, a subsidiary of the Company, carried out self-monitoring according to regulations, in which for VOCs, refer to Table 3 of Emission Standard for Atmospheric Volatile Organic Compounds from Stationary Pollution Sources in Sichuan Province DB51/2377-2017; For nitrogen oxides, refer to the secondary standard in Table 2 of Comprehensive Emission Standard for Air Pollutants (GB16297-1996); For sulfur-containing compounds, refer to the standard in Table 2 of Comprehensive Emission Standard for Air Pollutants (GB16297-1996). For dust, refer to the secondary standard in Table 2 of Comprehensive Emission Standard for Air Pollutants (GB16297-1996).

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.

The Company and subordinate subsidiaries Changhong Air-conditioning ,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
Sichuan Changhong Air-conditioning Co., Ltd.	Volatile organic compounds	VOCs	Organized emission	3	Two outlets in Workshop J05 and one outlet in Workshop J07, No.128 Sanjiang Avenue, Economic Development Zone, Mianyang City	≤29.9mg/m ³	Standard in Table 3 of <i>Emission Standard for Atmospheric Volatile Organic Compounds from Stationary Sources in Sichuan Province</i> (DB51/2377-2017), that is the volatile organic compounds shall be <60 mg/m ³ .	3731.44kg	Sichuan Changhong Air Conditioning Co., Ltd. has completed the pollutant discharge registration of the national pollutant discharge permit management information platform and obtained the registration receipt according to the requirements of relevant laws and regulations, such as <i>Measures for the Administration of Pollutant Discharge Permits (trial)</i> ,	Not exceeded
	Oxynitride	Oxynitride	Organized emission	2	Two outlets in Workshop J05, No.128 Sanjiang Avenue, Economic Development Zone, Mianyang City (the same outlet as J05VOC).	<3mg/m ³	Secondary standard in Table 2 of <i>Comprehensive Emission Standard for Air Pollutants</i> (GB16297-1996), that is, the concentration of nitrogen	624.63kg		Not exceeded

						oxides shall be <240 mg/m ³		<i>Catalogue of Classified Management of Pollutant Discharge Permit of Stationary Pollution Sources</i> (2019 Edition), etc. There was no requirement for the total amount of pollutant discharge of the Company in the pollutant discharge registration.	
	Sulfocompound	Sulphur dioxide	Organized emission	2	Two outlets in Workshop J05 and one outlet in Workshop J07, No.128 Sanjiang Avenue, Economic Development Zone, Mianyang City	≤10mg/m ³	703.17kg		Not exceeded
	Dust	Particulate matter	Organized emission	4	Two outlets in Workshop J05 and one outlet in Workshop J07, No.128 Sanjiang Avenue, Economic Development Zone, Mianyang City	<20mg/m ³	535.36kg		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.

(1) Waste gas

Changhong Air Conditioning has established a refined waste gas treatment system, and 4 sets of waste gas treatment facilities for wave-welding waste gas, and adopted the treatment process of "dry interception filter + UV photolysis purifier", to achieve organized discharge up to the standard through the 20m-high exhaust funnel at the top of the workshop.

It has established 3 sets of waste gas treatment facilities for the welding waste gas of the two devices, and adopted the treatment process of "pulse filter cartridge dust removal equipment + UV composite photocatalysis", to achieve organized discharge up to the standard through the 18m-high exhaust funnel at the top of the workshop;

It has established 2 sets of waste gas treatment facilities for the three-proof coating waste gas, and adopted the treatment process of "dry interception filter+ activated carbon adsorption", to achieve organized discharge up the standard through the 20m-high exhaust funnel at the top of the workshop;

It has established 4 sets of waste gas treatment facilities for degreasing waste gas, and adopted the treatment process of "spray tower + drying defogging box + UV composite photocatalysis + activated carbon adsorption", to achieve the organized discharge up to the standard through the 18m-high exhaust funnel at the top of the workshop.

(2) Hazardous waste

Changhong Air Conditioning has built special storage facilities for hazardous wastes, with floor made of nonflammable epoxy mortar, anti-leakage ditch and collection tank, which can effectively prevent the leakage risk of hazardous wastes and meet the current storage requirements of hazardous wastes. At the same time, it regularly entrusts all kinds of hazardous wastes to units with qualifications for hazardous waste disposal for standardized and centralized harmless disposal.

5. 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.

6. 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.

7. 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.

8. 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

During the reporting period, the Company and its subsidiaries were not subject to administrative punishment for environmental problems.

9. 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.

10. 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. In addition, the Company also pays attention to the use of recyclable packaging and transshipment materials to reduce carbon emissions in the procurement process, and is actively promoting the recycling of materials such as pallets to reduce carbon emissions in the whole production process.

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 continues to promote win-win development with its stakeholders, earnestly fulfills its social responsibilities, pays close attention to the voices of all stakeholders, and actively gives back and improves, and is determined to become an enterprise that is respected by the society and loved by its employees. While achieving sound development, it pays attention to protecting the interests of its shareholders, employees, suppliers, customers and consumers, and actively engages in public welfare undertakings, thus promoting the harmonious development of the Company and the whole society.

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, Anhui service week for investors by SZSE, 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; further, the company attaches great importance to the shareholder return mechanism, According to the Return Plan for Shareholders of Changhong Meiling Co., Ltd. for the Next Three Years (2021 -2023), combined with the Company's own operating conditions and other factors, during the reporting period, the Company implemented the profit distribution plan for 2022, paid dividends in cash and gave shareholders a reasonable return on investment.

In addition, in order to establish a variety of shareholder return mechanisms and thank investors for their long-term concern and support for the Company, during the reporting period, the Company held the "Meiling 40th Anniversary Shareholder Thanksgiving Festival" to give back to all shareholders with sincerity.

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, The Party Committee of the Company actively participated in the third party building project of micro-public welfare venture capital in the Jinxiu Community Social Organization Incubation Park in Hefei Economic Development Zone; Adhering to the mission of "serving the country through industry and rejuvenating by us", Zhongke Meiling, a subsidiary of the Company, established the "Friends of Tsinghua - Meiling Biomedical Scholarship" to promote the independent innovation and high-quality development of the medical devices and scientific research instrument and equipment industry in China.

Section VI Important Events

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

The Company has no 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

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.

III. External guarantee out of the regulations

Applicable Not applicable

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

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

Whether the semi-annual financial report had been audited

Yes No

The semi-annual report was not audited

V. Explanation on “Qualified Opinion” from CPA by the Board and Supervisory Committee

Applicable Not applicable

VI. Explanation from the Board for “Qualified Opinion” of last year’s

Applicable Not applicable

VII. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period

VIII. Lawsuit

(i) Major Litigation and Arbitration Matters

√Applicable □Not applicable

Basic situation of litigation(arbitration)	Amount involved (Ten thousand yuan)	Whether to form estimated liabilities	Litigation(arbitration)progress	Litigation(arbitration)trial results and impact	Implementation of litigation(arbitration)judgments	Disclosure date	Disclosure index
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.	9,617.43	No	Under trial of first instance	No trial result yet	No trial result yet	December 24,2022	Juchao (www.cninfo.com.cn)(2022-101)

Notes: 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.

(ii) Other litigation matters

Applicable Not applicable

IX. Penalty and rectification

Applicable Not applicable

X. Integrity of the company and its controlling shareholders and actual controllers

Applicable Not applicable

XI. 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	21,647.30	21,647.30	2.00%	65,000.00	N	Spot exchange, Bank acceptance	-	December 7, 2022, December 23, 2021	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100
2	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Compressor, air compression	Marketing price	25,980.62	25,980.62	2.40%	54,000.00	N	Bank acceptance	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100
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	47,227.00	47,227.00	4.37%	100,000.00	N	Spot exchange, Bank acceptance	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100

4	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Base assembly, plate black plate, bracket etc.	Marketing price	29,862.39	29,862.39	2.76%	65,000.00	N	Bank acceptance	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
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	6,932.79	6,932.79	0.64%	20,000.00	N	Bank acceptance	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
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	1,776.19	1,776.19	0.16%	4,500.00	N	Bank acceptance	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
7	081 Electronics Group Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	power transformer	Marketing price	5.30	5.30	0.00%	8,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

		controller												
8	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Foam and carton	Marketing price	400.10	400.10	0.04%	8,000.00	N	Spot exchange, Bank acceptance	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
9	Sichuan Changhong Intelligence Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Outside cover parts	Marketing price	0.05	0.05	0.00%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
10	Sichuan Hongwei Technology Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Electric toothbrush, body fat weighing, smart watches, etc	Marketing price	4.06	4.06	0.00%	8,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
11	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling	Commodity purchased	Inverter integrated board	Marketing price	385.14	385.14	0.04%	8,000.00	N	Spot exchange, Bank acceptance	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

		shareholder and ultimate controller												
12	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Batteries	Marketing price	2.40	2.40	0.00%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
13	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	461.50	461.50	0.04%	8,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
14.	Sichuan Changhong Source Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Bushing	Marketing price	0.18	0.18	0.00%	8,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
15	Changhong International	Other enterprise control under the	Commodity purchased	Television	Marketing price	1,538.32	1,538.32	0.14%	12,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

	Holdings (Hong Kong) Co., Ltd.	same controlling shareholder and ultimate controller												
16	Sichuan Changhong Device Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	printed board	Marketing price	559.39	559.39	0.05%	8,000.00	N	Bank acceptance	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
17	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	2,034.05	2,034.05	0.19%	3,000.00	N	Spot exchange, Bank acceptance	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
18	Sichuan Jiahong Industrial Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Catering services	Marketing price	0.33	0.33	0.00%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
19	Sichuan Science Ailian &	Other enterprise	Commodity purchased	Internet access modules, electronic	Marketing price	868.04	868.04	0.08%	5,000.00	N	Spot exchange,	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-

	Technology Co., Ltd.	control under the same controlling shareholder and ultimate controller		components, etc							Bank acceptance			088,2022-089,2022-100
20	Sichuan Aichuang Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Inverter integrated board	Marketing price	7,075.57	7,075.57	0.65%	20,000.00	N	Bank acceptance	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
21	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	0.18	0.18	0.00%	8,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
22	Sichuan Aoku Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Inverter integrated board , Electronic control components	Marketing price	1,155.21	1,155.21	0.11%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

23	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Accept labor service	Shuttle transportation fee, training fee	Marketing price	45.52	45.52	0.06%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
24	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Accept labor service	Software usage fee, information consultation fee, inspection and certification fee	Marketing price	201.21	201.21	0.25%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
25	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	36,849.78	36,849.78	45.07%	82,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
26	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	commission processing fee, Change the mold service	Marketing price	1,917.82	1,917.82	2.35%	10,000.00	N	Bank acceptance	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
27	Sichuan Service Exp. Appliance	Other enterprise control under the same	Accept labor service	Three packages, equipment repair, miscellaneous fees, installation fee etc.	Marketing price	18,074.72	18,074.72	22.11%	45,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

	Service Chain Co., Ltd.	controlling shareholder and ultimate controller												
28	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	76.32	76.32	0.09%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
29	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	36.12	36.12	0.04%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
30	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	418.14	418.14	0.51%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
31	Sichuan Changhong	Other enterprise control	Accept labor service	Meetings fee, accommodation, Travel service	Marketing price	6.42	6.42	0.01%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

	International Hotel Co., Ltd.	under the same controlling shareholder and ultimate controller												
32	Sichuan Changhong Property Services Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	property management fees	Marketing price	7.34	7.34	0.01%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
33	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	6.94	6.94	0.01%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
34	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Green product declaration service	Marketing price	9.43	9.43	0.01%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
35	Sichuan	Other	Accept labor	commission	Marketing	158.54	158.54	0.19%	10,000.00	N	Cash	-	December 7, 2022,	Juchao Website

	Changhong Jijia Fine Co., Ltd.	enterprise control under the same controlling shareholder and ultimate controller	service	processing fee	g price						settlement		December 23,2022	(www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
36	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	20.22	20.22	0.02%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
37	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Labor serves	Marketing price	16.20	16.20	0.02%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
38	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	585.50	585.50	0.72%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

39	Sichuan Changhong International Travel Service Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Travel service	Marketing price	1.69	1.69	0.00%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100
40 ^注	Mianyang High-tech Zone Hongfu Technology Co., Ltd	Enterprises where the supervisor of the controlling shareholder serves as its legal representative	Accept labor service	Transportation services	Marketing price	45.43	45.43	0.06%	200.00	N	Cash settlement	-		
41	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Sales goods	Air conditioner, Kitchen and bathroom, small appliances	Marketing price	30.23	30.23	0.00%	1,500.00	N	Spot exchange, Bank acceptance	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100
42	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Sales goods	Kitchen and bathroom, small appliances	Marketing price	0.26	0.26	0.00%	3,000.00	N	Spot exchange, Bank acceptance	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100
43	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling	Sales goods	Plastic parts	Marketing price	57.00	57.00	0.00%	5,000.00	N	Spot exchange, Bank acceptance	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100

		shareholder and ultimate controller												
44	Sichuan Zhiyijia Network TechNlogy Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of washing machine, Refrigerator, freezer, Air conditioner, small appliances	Marketing price	375,670.47	375,670.47	29.50%	800,000.00	N	Spot exchange, Bank acceptance	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
45	Sichuan Changhong Minsheng Logistics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Air conditioner, Refrigerator	Marketing price	44.03	44.03	0.00%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
46	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Air conditioners, inverter integrated boards, components etc.	Marketing price	253.80	253.80	0.02%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
47	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the	Sales goods	of small appliances, Air conditioner	Marketing price	7.23	7.23	0.00%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

		same controlling shareholder and ultimate controller												
48	Sichuan Changhong Intelligence Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Refrigerators, freezers, and air-conditioners	Marketing price	258.76	258.76	0.02%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
49	Sichuan Aoku Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Refrigerator	Marketing price	0.77	0.77	0.00%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
50	Sichuan Changhong Source Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Air conditioner	Marketing price	5.46	5.46	0.00%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
51	Guangyuan Changhong	Other enterprise	Sales goods	of Air conditioner	Marketing price	22.45	22.45	0.00%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-

	Electronic Technology Co., Ltd.	control under the same controlling shareholder and ultimate controller												088,2022-089,2022-100
52	CHANGHONG(HK)TRADINGLIMITED	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Air conditioner	Marketing price	38,739.78	38,739.78	3.04%	150,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
53	CHANGHONGELECTRIC(AUSTRALIA)PTY.LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Refrigerator, freezers and accessories	Marketing price	5,714.99	5,714.99	0.45%	150,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
54	Orion.PDP.Co.,ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Refrigerator	Marketing price	1,964.81	1,964.81	0.15%	6,500.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

55	Changhong Europe Electrics.r.o	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Refrigerator	Marketing price	4,109.31	4,109.31	0.32%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
56	Changhong International Holdings (Hong Kong) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Refrigerator, freezers, Air conditioner, kitchen utensils	Marketing price	5,017.47	5,017.47	0.39%	80,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
57	Sichuan Aichuang Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of IC	Marketing price	0.73	0.73	0.00%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
58	Suchuan Hongmofang Network Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate	Sales goods	of Refrigerator	Marketing price	4.33	4.33	0.00%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

		controller												
59	Sichuan Ansifei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Print board components	Marketing price	0.01	0.01	0.00%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
60	Sichuan Qiruike Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of IC	Marketing price	0.23	0.23	0.00%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
61	Sichuan Qisai Microelectronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods	of Air conditioner	Marketing price	4.99	4.99	0.00%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
62	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling	Providing services	Labor cost	Marketing price	39.31	39.31	3.10%	500.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

		shareholder and ultimate controller												
63	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor cost	Marketing price	5.83	5.83	0.46%	500.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100
64	Sichuan Aichuang Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Technical service fee, Labor cost	Marketing price	11.15	11.15	0.88%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100
65	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Service fee	Marketing price	13.10	13.10	1.03%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100
66	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Providing services	Labor cost	Marketing price	2.83	2.83	0.22%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100

67	Sichuan Changhong Device Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Technical service fee	Marketing price	12.40	12.40	0.98%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
68	Mianyang Huafeng Hulian Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Repair Service	Marketing price	9.36	9.36	0.74%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
69	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Technical service fee	Marketing price	11.69	11.69	0.92%	500.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
70	Sichuan Changhong Minsheng Logistics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor cost	Marketing price	36.71	36.71	2.90%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

		controller												
71	Sichuan Ailian Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor cost	Marketing price	0.01	0.01	0.00%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
72	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor cost	Marketing price	0.004	0.004	0.00%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
73	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor cost	Marketing price	123.97	123.97	9.78%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
74	Sichuan Aoku Technology Co., Ltd.	Other enterprise control under the same controlling	Providing services	Installation service , Labor cost	Marketing price	0.11	0.11	0.01%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

		shareholder and ultimate controller												
75	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Maintenance fees	Marketing price	3.16	3.16	0.25%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
76	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	provide labor	Labor costs	Marketing price	0.45	0.45	0.04%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
77	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	0.01%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
78	Sichuan Changhong Precision Electronics Technology Co., Ltd	Other enterprise control under the same controlling	Providing services	Labor service	Marketing price	0.27	0.27	0.02%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

		shareholder and ultimate controller												
79	Yuanxin Finance Lease Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Consultation service	Marketing price	18.55	18.55	1.46%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
80	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Technical service fee	Marketing price	13.56	13.56	1.07%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
81	Sichuan Hongwei TechNlogy Co.,Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Technical service fee	Marketing price	6.97	6.97	0.55%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
82	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the	Provide fuel power	Labor service	Marketing price	48.67	48.67	3.84%	10,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

		same controlling shareholder and ultimate controller												
83	Sichuan Qisai Microelectronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Installation service	Marketing price	4.46	4.46	0.35%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
84	Sichuan Changhong Device Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales goods of	Water, electricity, and compressed air	Marketing price	4.05	4.05	0.00%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
85	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Rental apartment, warehouses	Marketing price	14.65	14.65	0.23%	4,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
86	Chonghong Huayi Compressor Co.,	Other enterprise control	Leasing from related	Lease of workshop	Marketing price	0.58	0.58	0.01%	500.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-

	Ltd.	under the same controlling shareholder and ultimate controller	party											088,2022-089,2022-100
87	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	1.95	1.95	0.03%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100
88	Sichuan Ailian 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	0.16	0.16	0.00%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100
89	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	2.10	2.10	0.03%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100
90	Sichuan Hongxin Software Co., Ltd.	Other enterprise	Rent to the related party	Rental apartment	Marketing price	0.44	0.44	0.01%	4,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn)

		control under the same controlling shareholder and ultimate controller												N.;2022-087,2022-088,2022-089,2022-100
91	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	Marketing price	8.46	8.46	0.13%	4,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
92	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	0.07%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
93	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Rent to the related party	Lease of factory, equipment	Marketing price	44.87	44.87	0.70%	4,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
94	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Lease from related parties	Lease of factory	Marketing price	0.0004	0.0004	0.00%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
95	Sichuan	Other	Rent to the	Rental apartment,	Marketing	230.21	230.21	3.59%	4,000.00	N	Cash	-	December 7, 2022,	Juchao Website

	Changhong Jijia Fine Co., Ltd.	enterprise control under the same controlling shareholder and ultimate controller	related party	warehouses, plants, equipment	g price						settlement		December 23, 2022	(www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
96	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Rental apartment	Marketing price	4.31	4.31	0.07%	4,000.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
97	Sichuan Changhong Minsheng Logistics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Rental apartment, office, factory	Marketing price	12.66	12.66	0.20%	4,000.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
98	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Serviced apartment, warehouse, workshop, equipment and living quarters	Marketing price	465.93	465.93	7.27%	4,000.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

99	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	107.36	107.36	1.68%	4,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
100	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	9.41	9.41	0.15%	4,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
101	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	42.56	42.56	0.66%	4,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
102	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate	Leasing from related party	Lease of staff dormitory, plant	Marketing price	6.82	6.82	0.11%	4,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

		controller												
103	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	107.64	107.64	1.68%	4,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100
104	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	23.28	23.28	0.36%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100
105	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Leasing from related party	Lease of laboratory workshop	Marketing price	184.45	184.45	2.88%	4,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100
106	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Leasing from related party	Lease of laboratory workshop	Marketing price	6.47	6.47	0.10%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100
107	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling	Purchase and construction of fixed assets	Information management system project	Marketing price	45.42	45.42	0.30%	3,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.:2022-087,2022-088,2022-089,2022-100

		shareholder and ultimate controller												
108	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	90.24	90.24	0.59%	2,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
109	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase Intangible assets	Information management	Marketing price	12.11	12.11	0.08%	2,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
110	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	TV	Marketing price	1.57	1.57	0.01%	2,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
111	Sichuan Changhong Jiahua Information Co., ltd.	Other enterprise control under the same	Purchase fixed assets	Information management	Marketing price	27.58	27.58	0.18%	2,000.00	N	Cash settlement	-	December 7, 2022, December 23,2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100

		controlling shareholder and ultimate controller												
112	Sichuan Qiruike Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Product quality data platform	Marketing price	28.80	28.80	0.19%	5,000.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
113	Yuanxin Financial Lease Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Financing business	Financing business	Marketing price	27,779.67	27,779.67		82,000.00	N	Cash settlement	-	December 7, 2022, December 23, 2022	Juchao Website (www.cninfo.com.cn) N.;2022-087,2022-088,2022-089,2022-100
Total					--	--	667,931.73	--	--	--	--	--	--	--
Detail of sales return with major amount involved					Not applicable									
Report the actual implementation of the daily related transactions which were projected about their total amount by types during the reporting period (if applicable)					<p>1 It is estimated that the related transaction amount resulted by purchasing goods (including door shell and plastic products etc.) and accepting fuel and power from Sichuan Changhong and its subsidiary by the Company for year of 2023 was 2775 million yuan at most (tax-excluded), actually 1,128.3389 million yuan occurred in reporting period.</p> <p>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 2023 was 545 million yuan at most (tax-excluded), actually 259.9289 million yuan occurred in reporting period.</p> <p>3. It is estimated that the related transaction amount resulted by purchasing or selling equipment, software, maintenance and spare parts and molds etc. from Sichuan Changhong and its subsidiary by the Company for year of 2023 was 20 million yuan at most (tax-excluded), actually 1.3150 million yuan occurred in reporting period.</p>									

	4. It is estimated that the related transaction amount resulted by selling goods and providing fuel and power to Sichuan Changhong and its subsidiary by the Company for year of 2023 was 10,465 million yuan at most (tax-excluded), actually 4,296.8060 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 2023 was 40 million yuan at most (tax-excluded), actually 12.3977 million yuan occurred in reporting period.
	6. 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 2023 was 820 million yuan at most (tax-excluded), actually 368.4978 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 2023 was 450 million yuan at most actually 180.7472 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 2023 was 110 million yuan at most (tax-excluded), actually 27.2221 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 2023 was 95 million yuan at most (tax-excluded), actually 22.8144 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 2023 was 330 million yuan at most (tax-excluded), actually 102.9983 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 820 million yuan at most, actually 277.7967 million yuan occurred in reporting period.
	12. It is expected that the labor service provided by the related party Mianyang High tech Zone Hongfu Technology Co., Ltd. will not exceed 2 million yuan, and the actual amount incurred during the reporting period is 454300 yuan.
Reasons for major differences between trading price and market reference price (if applicable)	Not applicable

Note: According to the Shenzhen Stock Exchange's "Listing Rules" and the company's "Authorization Management System" and other relevant regulations, related party transactions between the company and related parties with an amount less than 3 million yuan (including 3 million yuan) shall be implemented with the approval of the company's president. During the reporting period, it is expected that the amount of related party transactions between the company and its affiliated party, Mianyang High tech Zone Hongfu Technology Co., Ltd. (which is an enterprise with a supervisor serving as its legal representative as the controlling shareholder), will not exceed 2 million yuan, and has been approved by the company's president.

(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	30,295.62	30,294.54	-422.44
Sichuan Hongyun Venture Equity Investment Management Co., Ltd., Sichuan Changhong Electronics Holding Group Co., Ltd., Sichuan Changhong Electric Co., Ltd.	For controlling shareholder and ultimate controller	Sichuan Hongyun Venture Capital Partnership (Limited partnership)	General items: venture capital (limited to unlisted enterprises). (Except for items that are subject to approval according to law, business activities	148 million	0	0	0

			shall be independently carried out according to law by virtue of business license.				
Accumulated amount of other litigation that does not meet the disclosure standard of major litigation (If any)		not have					

(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 enterprise control under the same controlling shareholder and ultimate controller	450,000.00	0.42%-3.5%	346,499.99	2,000,368.77	1,977,591.68	369,277.08

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 enterprise control under the same controlling shareholder and ultimate controller	Other financial services - note issuance	300,000.00	72,397.63
Sichuan Changhong Group Finance Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Other financial services - note discounting	300,000.00	46,049.51
Sichuan Changhong Group Finance Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Other financial services - Letter of Guarantee	600,000.00	130.72

Note 1: As of June 30, 2023, registered capital of Changhong Finance Company is 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

During the reporting period, the company had no other significant related transactions.

XII. 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

Explanation of leasing

Operational leasing of the Company please found more details in “investment real estate”, “fixed assets”, “Right-of-use assets”, “Lease of related party” and “Rent of related party” in Note of Financial Statement.

Gains or losses to the Company from projects that reached over 10% in total profit of the Company in reporting period.

Applicable Not applicable

No gains or losses to the Company from projects that reached over 10% in total profit of the Company in reporting period.

(ii) Major guarantee

Applicable Not applicable

In 10 thousand yuan

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.: 2023-091, 2021-092, 2021-096 and 2021-109 released on 7 December 2021 and 24 December 2021 respectively.	140,000.00	March 10,2022	2,000.00	Joint liability guaranty	N/A	Y	1-year	Y	N	
			March 28,2022	7,000.00	Joint liability guaranty		Y	1-year	Y	N	
			April 22,2022	18,000.00	Joint liability guaranty		Y	1-year	N	N	
			May 6,2022	6,000.00	Joint liability guaranty		Y	1-year	Y	N	
			June 10,2022	10,000.00	Joint liability guaranty		Y	1-year	N	N	
			June 25,2022	13,000.00	Joint liability guaranty		Y	1-year	N	N	
			July 2,2022	20,000.00	Joint liability guaranty		Y	1-year	N	N	
			August 19,2022	5,000.00	Joint liability guaranty		Y	1-year	N	N	
October 11,2022	15,000.00	Joint liability guaranty	Y	1-year	N	N					

	Announcement No.: 2023-087, 2022-088, 2022-091 and 2022-100 released on 7 December 2022 and 23 December 2022 respectively.	150,000.00	April 7,2023	6,000.00	Joint liability guaranty	Y	1-year	N	N	
			April 24,2023	10,000.00	Joint liability guaranty	Y	1-year	N	N	
			June 8,2023	10,000.00	Joint liability guaranty	Y	1-year	N	N	
			June 27,2023	7,000.00	Joint liability guaranty	Y	1-year	N	N	
Changhong MeilingRidian Technology Co., Ltd.	Announcement No.: 2021-091, 2021-092, 2021-096 and 2021-109 released on 7 December 2021 and 24 December 2021 respectively.	16,000.00	June 6,2022	3,000.00	Joint liability guaranty	Y	1-year	Y	N	
			July 7,2022	4,000.00	Joint liability guaranty	Y	1-year	N	N	
			October 25,2022	2,000.00	Joint liability guaranty	Y	1-year	N	N	
			December 8,2022	3,500.00	Joint liability guaranty	Y	11.2 months	N	N	
ZhongkeMeiling Cryogenic Technology Co., Ltd.	Announcement No.: 2023-087, 2022-088, 2022-091 and 2022-100 released on 7 December 2022 and 23 December 2022 respectively.	16,000.00								
			26,000.00	September 20,2022	2,000.00	Joint liability guaranty	Y	4.5 months	Y	N
				November 14,2022	5,000.00	Joint liability guaranty	Y	7.2 months	N	N
Sichuan Changhong Air-conditioner Co., Ltd.	Announcement No.: 2020-097,2020-098, 2020-101 and 2020-107 released on 12 December 2020 and 30 December 2020 respectively.	100,000.00	September 24,2021	5,000.00	Joint liability guaranty	Y	1-year	Y	N	
			December 7,2021	15,000.00	Joint liability guaranty	Y	1-year	Y	N	

	Announcement No.: 2021-091, 2021-092, 2021-096 and 2021-109 released on 7 December 2021 and 24 December 2021 respectively.	100,000.00	March 18,2022	8,000.00	Joint liability guaranty	Y	1-year	Y	N
			April 18,2022	30,000.00	Joint liability guaranty	Y	1-year	Y	N
	Announcement No.: 2023-087, 2022-088, 2022-091 and 2022-100 released on 7 December 2022 and 23 December 2022 respectively.	250,000.00	January 17,2023	10,000.00	Joint liability guaranty	Y	9 months	N	N
			January 17,2023	5,000.00	Joint liability guaranty	Y	1-year	N	N
			February 27,2023	16,000.00	Joint liability guaranty	Y	1-year	N	N
			March 16,2023	30,000.00	Joint liability guaranty	Y	1-year	N	N
			March 24,2023	60,000.00	Joint liability guaranty	Y	1-year	N	N
			April 14,2023	12,000.00	Joint liability guaranty	Y	1-year	N	N
			June 28,2023	3,500.00	Joint liability guaranty	Y	6 months	N	N
Changhong RUBA Trade Company	Announcement No.: 2022-036, 2022-037 and 2022-049 released on 18 May 2022 and 30 June 2022 respectively.	5,955.93 ^{注1}	-	-	-	-	-	-	
Jiangxi Meiling Electric Appliance Co., Ltd.	Announcement No.: 2023-087, 2022-088, 2022-091 and 2022-100 released on 7 December 2022 and 23 December 2022 respectively.	15,000.00							
Hefei Meiling Nonferrous Metal Products Co., Ltd.	Announcement No.: 2023-087, 2022-088, 2022-091 and 2022-100 released on 7 December 2022 and 23 December 2022 respectively.	3,000.00	-	-	-				
Hefei Meiling Group Holdings Limited	Announcement No.: 2021-091, 2021-092, 2021-096 and 2021-109 released on 7 December	40,000.00	April 18,2022	5,000.00	Joint liability guaranty	Y	1-year	Y	N

	2021 and 24 December 2021 respectively.									
	Announcement No.: 2023-087, 2022-088, 2022-091 and 2022-100 released on 7 December 2022 and 23 December 2022 respectively.	60,000.00	May 11,2023	4,500.00	Joint liability guaranty		Y	1-year	N	N
Hefei Changhong Meiling Life Appliances Co., Ltd.	Announcement No.: 2021-008, 2021-009, 2021-011 and 2021-034 released on 3 March 2021 and 29 April 2021 respectively.	35,000.00	December 9,2021	4,000.00	Joint liability guaranty		Y	11 months	Y	N
	Announcement No.: 2021-091, 2021-092, 2021-096 and 2021-109 released on 7 December 2021 and 24 December 2021 respectively.	35,000.00	January 26,2022	3,000.00	Joint liability guaranty		Y	1-year	Y	N
			March 17,2022	5,000.00	Joint liability guaranty		Y	1-year	Y	N
			August 25,2022	500.00	Joint liability guaranty		Y	1-year	N	N
			September 8,2022	1,000.00	Joint liability guaranty		Y	1-year	Y	N
			September 22,2022	5,000.00	Joint liability guaranty		Y	1-year	N	N
			November 21,2022	5,000.00	Joint liability guaranty		Y	1-year	N	N
			December 8,2022	4,500.00	Joint liability guaranty		Y	10.5 months	N	N
	Announcement No.: 2023-087, 2022-088, 2022-091 and 2022-100 released on 7 December 2022 and 23 December 2022 respectively.	35,000.00	February 22,2023	8,000.00	Joint liability guaranty		Y	11 months	N	N
			May 4,2023	5,000.00	Joint liability guaranty		Y	1-year	N	N
			April 24,2023	2,000.00	Joint liability guaranty		Y	1-year	N	N
Total amount of approving guarantee for subsidiaries in report period (B1)			0	Total amount of actual occurred guarantee for subsidiaries in report period (B2)			395,500.00			

Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		771,955.93		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		299,500.00				
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 Tuoxing Technology Co., Ltd.	Announcement No.: 2021-091, 2021-092, 2021-096 and 2021-109 released on 7 December 2021 and 24 December 2021 respectively.	5,000.00	June 27,2022	500.00	Joint liability guaranty			1 year	Y	N
	Announcement No.: 2022-087, 2022-088, 2022-091 and 2022-100 released on 7 December 2022 and 23 December 2022 respectively.	8,000.00	June 20,2023	1,000.00	Joint liability guaranty			1 year	N	N
Anhui Ling'an Medical Equipment Co., Ltd.	Announcement No.: 2022-087, 2022-088, 2022-091 and 2022-100 released on 7 December 2022 and 23 December 2022 respectively.	12,000.00	-	-	-			-	-	-
Total amount of approving guarantee for subsidiaries in report period (C1)		0.00		Total amount of actual occurred guarantee for subsidiaries in report period (C2)		1,500.00				
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)		1,000.00				
Total amount of guarantee of the Company (total of three above mentioned guarantee)										
Total amount of approving guarantee in report period (A1+B1+C1)		0.00		Total amount of actual occurred guarantee in report period (A2+B2+C2)		397,000.00				
Total amount of approved guarantee at the end of report period		796,955.93		Total balance of actual guarantee at the end of report period		300,500.00				

(A3+B3+C3)	(A4+B4+C4)
Ratio of actual guarantee (A4+B4+C4) in net assets of the Company	55.18%
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)	285,000.00
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)	285,000.00
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 30 April 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. As of the end of the reporting period, the effective amount of guarantee provided to the subsidiaries that approved by the Company amounted to 7,719.5593 million yuan, actually 3,950 million yuan occurred. At the end of the reporting period, the practical guarantee balance amounted to 2,995 million yuan, accounting for the Company's latest net assets ratio of 55%. As of the end of the reporting period, the effective amount of guarantee provided to the subsidiaries from subsidiary that approved by the Company amounted to 250 million yuan, actually 15 million yuan occurred. As of 30 June 2023, the actual guarantee balance provided to subsidiaries by subsidiary was 10 million yuan, occupied 0.18% of the latest net assets of the Company.

Explanation on guarantee with composite way: Not applicable

(iii) Trust financing√ Applicable Not applicable

In 10 thousand yuan

Type	Capital resources	Amount for entrust	Undue balance	Overdue amount	Impairment amount for overdue financial management
Bank financing products	Idle own funds	15,000.00	10,000.00	0	0
Total		15,000.00	10,000.00	0	0

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

√ Applicable Not applicable

In 10 thousand yuan

Trustee institution (or name of trustee)	Trustee type	Product type	Amount	Source of funds	Start date	Expiry date	Capital investment purpose	Criteria for fixing reward	Reference annual rate of return	Anticipated income (if applicable)	Actual gains/losses in period	Actual collected gains/losses in period	Amount of reserve for devaluation of withdrawing in the year(if applicable)	Whether approved by legal procedure (Y/N)	Whether has entrust finance plan in the future	Summary of the items and related query index (if applicable)
Zhongshan branch of China Guangfa Bank Co., Ltd.	Bank	Principal-guaranteed with floating income	5,000.00	Idle own funds	February 14, 2023	May 15, 2023	The principal of this structured deposit is included in the unified operation and management of funds of Guangfa Bank, and the income of investors' structured deposits depends on the performance of USD/JPY during the observation period.	Agreement	1.5%	Not applicable	18.49	18.49	N	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Announcement No.: 2023-009)
Zhongshan branch of Bank of Communications Co., Ltd	Bank	Principal-guaranteed with floating income	5,000.00	Idle own funds	March 10, 2023	July 10, 2023	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	Agreement	1.75%/3%/3.2%	Not applicable	-	-	N	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Announcement No.: 2023-010)

							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.									
Mianyang branch of SPD Bank	Bank	Principal-guaranteed with floating income	5,000.00	Idle own funds	June 28, 2023	September 28, 2023	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	1.3%/2.8%/3%	Not applicable	-	-	N	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Announcement No.: 2023-038)
Total			15,000.00	--	--	--	--	--	--	-	18.49	--	-	--	--	--

Note: Zhongke Meiling, a subsidiary of the Company, is a listed company of the Beijing Stock Exchange. For details of its entrusted financial management, please refer to Zhongke Meiling's 2023 Semi-annual Report.

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

Applicable Not applicable

(iv) Other material contracts

Applicable Not applicable

No other material contracts in the period.

XIII. Explanation on other significant events

Applicable Not applicable

1. According to the resolutions adopted at the 30st meeting of the 10th Board of Directors, the 21nd meeting of the 10th Board of Supervisors and the 2022 Annual General Meeting of Shareholders, it was agreed that the Company and its subsidiaries would make a single provision for bad debts for the receivables of the customer, Changhong RUBA Electric Co., Ltd. (a joint venture of Zhongshan Changhong Electric Co., Ltd., a subsidiary of the Company) in the fourth quarter of 2022, and it was agreed that in the fourth quarter of 2022, the Company, its subsidiaries Hefei Meiling Group Holding Co., Ltd., Sichuan Changhong Air Conditioning Co., Ltd. and its affiliated company Sichuan Zhiyijia Network Technology Co., Ltd. would make a single provision for bad debts for the receivables of Gome (Gome is a general term for the subsidiaries, branches, offices and agencies at all levels of Gome Retail), and the total amount of the above-mentioned single provision for bad debts is RMB 101,962,546.44. 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. 2023-002, 2023-005 and 2023-030) on 18 January 2023 and 26 April 2023.

2. According to the resolutions of the 31st meeting of the 10th Board of Directors, the 22nd meeting of the 10th Board of Supervisors and the 2022 Annual General Meeting of Shareholders, the Plan on the Company's Profit Distribution in 2022 was adopted, and at the same time, the independent directors of the Company issued independent approval opinions on the plan. Considering the interests of shareholders and the long-term development needs of the Company, based on the Company's total share capital of 1,029,923,715 shares on December 31, 2022, the Company distributed a cash dividend of RMB 0.9 (including tax) to all shareholders for every 10 shares, with no bonus or conversion of reserve funds into share capital. After this distribution, the remaining accumulated undistributed profit of the parent company was RMB 971,443,732.63, and the remaining undistributed profit was carried forward to the next year for distribution. On June 10, 2023, the Company disclosed the Announcement on the Implementation of the Profit Distribution Plan for 2022, and implemented the aforementioned profit distribution plan. 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. 2023-011, 2023-012, 2023-014, 2023-030 and 2023-037) on 31 March 2023, 26 April 2023 and 10 June 2023.

3. According to the resolution adopted at the 31st meeting of the 10th Board of Directors and the 2022 Annual General Meeting of Shareholders, it was agreed to re-appoint ShineWing Certified Public Accountants (special general partnership) as the auditing agency for the Company's 2023 annual financial report and internal control for

one year. In the meantime, the General Meeting of Shareholders authorized the management of the Company to negotiate with ShineWing to determine the relevant audit remuneration according to the specific audit requirements and audit scope of the Company in 2023. 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. 2023-011, 2023-015 and 2023-030) on 31 March 2023 and 26 April 2023.

4. After deliberated and approved by the 31st session of 10th BOD and Annual General Meeting of 2022, it agreed that the Company and its subsidiaries shall carry out forward foreign exchange fund trading business during the period from 1 July 2023 to 30 June 2024. Balance of trading not exceeding US\$ 1.046 billion (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. 2023-011, 2023-016 and 2023-030) on 31 March 2023 and 26 April 2023.

5. By the resolution passed at the 31st meeting of the Tenth Board of Directors and the 2022 Annual General Meeting of Shareholders, it was agreed that the Company and its holding subsidiaries should apply for a special credit line for RMB bill pool of maximum RMB 400 million from Hefei Branch of Industrial Bank Co., Ltd., that of maximum RMB 300 million from Hefei Branch of Ping An Bank Co., Ltd., and that of RMB 400 million from Hefei Branch of Jiujiang Bank 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”, “Hong Kong Commercial Daily” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-011, 2023-018 and 2023-030) on 31 March 2023 and 26 April 2023.

6. During the period from April 17, 2023 to April 19, 2023, the deviation of the closing price of the Company's stock trading for three consecutive trading days exceeded 20%. According to the relevant regulations of Shenzhen Stock Exchange, the Company issued the *Announcement of Abnormal Fluctuations in Stock Trading*.

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. 2023-029) on 20 April 2023.

7. According to the resolutions of the 32nd meeting of the 10th Board of Directors and the first extraordinary General Meeting of Shareholders in 2023, it was agreed to revise some articles of the *Articles of Association* according to the needs of the Company's operation and management and the actual situation 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. 2023-023, 2023-027 and 2023-033) on 20 April 2023 and 11 May 2023.

8. On April 27, 2023, the Company received a notice from Mr. Tang Youdao, Vice President of the Company. Based on his firm confidence in the Company's future development prospects and recognition of the Company's long-term investment value, Mr. Tang Youdao increased his holdings of common shares (A shares) by 800,000 shares through centralized bidding in the trading system of 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. 2023-032) on 29 April 2023.

9. In order to establish a variety of shareholder return mechanisms, thank shareholders for their long-term concern and support, and at the same time to allow shareholders to experience the Company's new products and services, and improve investors' understanding and recognition of the Company's intrinsic value, the Company held the

"Meiling 40th Anniversary Shareholder Thanksgiving Festival" from May 20, 2023 to May 28, 2023.

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. 2023-034) on 18 May 2023.

10. On May 25, 2023, the Company issued the Announcement on the Resignation of Senior Managers of the Company, and Mr. Liu Hongwei, the former Executive Vice President of the Company, applied to resign as the executive vice president of the Company for personal reasons. After resigning, Mr. Liu Hongwei still works in 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. 2023-036) on 25 May 2023.

11. On May 24, 2023, the Company received the *Notice on Share Reduction Plan* from Mr. Huang Danian, Vice President of the Company. Due to the needs of personal family funds, Mr. Huang Danian planned to reduce his shares by no more than 89,113 shares (accounting for 0.0087% of the Company's total share capital) through centralized bidding within 6 months after 15 trading days upon the announcement date of the reduction plan, with the amount of reduction not exceeding 25% of his shares 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. 2023-035) on 25 May 2023.

XIV. Major event of the subsidiary

√ Applicable □ Not applicable

According to the resolutions of the 31st meeting of the 10th Board of Directors and the 22nd meeting of the 10th Board of Supervisors, it was agreed that Zhongshan Changhong, a subsidiary of the Company would write off the uncollectible bad debts totaling RMB 1,307,424.41. 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. 2023-011, 2023-012 and 2023-017) on 31 March 2023.

Section VII Changes in Shares and Particular about Shareholders

I. Changes in Share Capital

(i) Changes in Share Capital

	Before the Change		Increase/Decrease in the Change (+, -)					In Shares After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Public reserve transfer into share capital	Others	Subtotal	Amount	Proportion
I. Restricted shares	7,192,492	0.70%	0	0	0	+918,823	+918,823	8,111,315	0.79%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person's shares	1,141,053	0.11%	0	0	0	0	0	1,141,053	0.11%
3. Other domestic shares	4,784,019	0.47%	0	0	0	+496,350	+496,350	5,280,369	0.51%
Including: Domestic legal person's shares	3,363,539	0.33%	0	0	0	0	0	3,363,539	0.33%
Domestic natural person's shares	1,420,480	0.14%	0	0	0	+496,350	+496,350	1,916,830	0.18%
4. Foreign shares	1,267,420	0.12%	0	0	0	+422,473	+422,473	1,689,893	0.17%
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	+422,473	+422,473	1,689,893	0.17%
II. Unrestricted shares	1,022,731,223	99.30%	0	0	0	-918,823	-918,823	1,021,812,400	99.21%
1. RMB ordinary shares	875,808,809	85.04%	0	0	0	-496,350	-496,350	875,312,459	84.99%
2. Domestically listed foreign shares	146,922,414	14.26%	0	0	0	-422,473	-422,473	146,499,941	14.22%
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	1,029,923,715	100.00%	0	0	0	0	0	1,029,923,715	100.00%

1. Reasons for share changed

Applicable Not applicable

(1) On April 27, 2023, Mr. Tang Youdao, Vice President of the Company, based on his firm confidence in the Company's future development prospects and recognition of the Company's long-term investment value, increased his holdings of common shares by 800,000 shares through centralized bidding in the trading system of Shenzhen Stock Exchange. According to the *Rules for the Administration of the Shares of the Company Held by Directors, Supervisors and Senior Managers of Listed Companies and Their Changes* and other relevant regulations, 75% of

the total shares of the company held by Mr. Tang Youdao, namely 600,000 shares, were locked.

(2) On May 25, 2023, Mr. Liu Hongwei, Executive Vice President of the Company, resigned as the executive vice president of the Company for personal reasons, and his original term of office expired on October 12, 2023. According to the Detailed Rules for the Implementation of Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Managers of Companies Listed in Shenzhen Stock Exchange, during the reporting period, 25% of the total shares of the Company held by Mr. Liu Hongwei, namely 422,473 shares, were locked because he left office less than six months ago, that is, the full amount of Meiling shares held by Mr. Liu Hongwei was locked.

(3) According to the relevant provisions of the Company Law, the Securities Law and the Rules for the Administration of the Shares of the Company Held by Directors, Supervisors and Senior Managers of Listed Companies and Their Changes, 75% of 414,600 common shares held by Ms. Li Xia at the beginning of 2023, namely 310,950 shares, were restricted from sale, and the other 25%, namely 103,650 shares, were lifted from such restriction.

2. Approval of share changed

Applicable Not applicable

3. Ownership transfer of share changed

Applicable Not applicable

4. Implementation progress of shares buy-back

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

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 in Period	Ending shares restricted	Restricted reasons	Date for released
Liu Hongwei	1,267,420	0	422,473	1,689,893	Top management lock-in stock	On May 25, 2023, Mr. Liu Hongwei, Executive Vice President of the Company, resigned as the executive vice president of the Company for personal reasons, and his original term of office expired on October 12, 2023. According to the relevant provisions of the Detailed Rules for the Implementation of Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Managers of Companies Listed in Shenzhen Stock Exchange, directors, supervisors and senior managers who leave their posts before the expiration of their term of office shall not transfer more than 25% of the total shares held by them within the term of office determined when they take office and within six months after the expiration of their term of office; Within six months after leaving their post, they shall

						not transfer their shares of the Company. Therefore, the lifting of the restrictions on the sale of the Company's shares held by them must comply with the above provisions.
Tang Youdao	0	0	600,000	600,000	Top management lock-in stock	On April 27, 2023, Mr. Tang Youdao, Vice President of the Company, based on his firm confidence in the Company's future development prospects and recognition of the Company's long-term investment value, increased his holdings of common shares by 800,000 shares through centralized bidding in the trading system of Shenzhen Stock Exchange. According to the Company Law and other relevant regulations, the number of shares transferred each year during their tenure shall not exceed 25% of the total number of shares held by them.
Li Xia	414,600	103,650	0	310,950	Top management lock-in stock	At the beginning of 2023, 103,650 shares held by Ms. Li Xia, accounting for 25% of the total shares, were lifted from the restricted sale.
Total	1,682,020	103,650	1,022,473	2,600,843	--	--

II. Securities issuance and listing

Applicable Not applicable

III. Amount of shareholders of the Company and particulars about shares holding

In Shares

Total shareholders at end of the Period		53,068	Total preference shareholders with voting rights recovered at end of reporting period (if any)		0			
Particulars about common shares held above 5% by shareholders or top ten common shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Amount of common shares held at the end of reporting period	Changes in report period	Amount of restricted common shares	Amount of common shares held without restriction	Information of shares pledged, tagged or frozen	
							State of	Amount

					held		share	
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	-	-
The National Social Security Fund 602 portfolio	Domestic non-state-owned legal person	1.70%	17,525,935	+17,525,935	0	17,525,935	-	-
CAO SHENGCHUN	Foreign nature person	1.43%	14,766,086	0	0	14,766,086	-	-
Taiping Assets-ICBC- Taiping Star 19 investment products	Domestic non-state-owned legal person	1.14%	11,772,400	+11,772,400	0	11,772,400	-	-
China Europe AMC-China Life Insurance Co., Ltd.—Divident-China Europe Fund Guoshou Equilibrium Stock Portfolio Single Asset Management Plan (Available for Sale)	Domestic non-state-owned legal person	1.11%	11,438,335	+11,438,335	0	11,438,335	-	-
SPD bank—Bo Shi innovation economy hybrid securities investment fund	Domestic non-state-owned legal person	1.01%	10,412,300	+10,412,300	0	10,412,300	-	-
China Europe AMC-China Life Insurance Co., Ltd.—Traditional risk—China Europe Fund Guoshou Equilibrium Stock Traditional Available for Sale Single Asset Management Plan	Domestic non-state-owned legal person	0.64%	6,566,700	+6,566,700	0	6,566,700	-	-
Philip Securities (H.K.) Co., Ltd.	Foreign legal person	0.61%	6,296,913	0	0	6,296,913	-	-
Description of the above shareholders in relation to delegate/entrusted voting rights and abstention from voting rights.	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.); 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	Common shares in RMB	248,457,724
Hefei Industry Investment Holding (Group) Co., Ltd.	47,823,401	Common shares in RMB	47,823,401
CHANGHONG (HK) TRADING LIMITED	27,077,797	Foreign shares in domestic market	27,077,797
The National Social Security Fund 602 portfolio	17,525,935	Common shares in RMB	17,525,935
CAO SHENGCHUN	14,766,086	Foreign shares in domestic market	14,766,086
Taiping Assets-ICBC- Taiping Star 19 investment products	11,772,400	Common shares in RMB	11,772,400
China Europe AMC-China Life Insurance Co., Ltd. — Divident- China Europe Fund Guoshou Equilibrium Stock Portfolio Single Asset Management Plan (Available for Sale)	11,438,335	Common shares in RMB	11,438,335
SPD bank — Bo Shi innovation economy hybrid securities investment fund	10,412,300	Common shares in RMB	10,412,300
China Europe AMC-China Life Insurance Co., Ltd. — Traditional risk — China Europe Fund Guoshou Equilibrium Stock Traditional Available for Sale Single Asset Management Plan	6,566,700	Common shares in RMB	6,566,700
Philip Securities (H.K.) Co., Ltd.	6,296,913	Foreign shares in domestic market	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 any)	Not applicable		

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.

IV. Changes of shares held by directors, supervisors and senior executives

Applicable Not applicable

Name	Title	Working status	Shares held at period-begin (share)	Number of shares increase	Number of shares decreased in this	Shares held at period-end (share)	Number of restricted shares granted at	Number of restricted shares granted at	Number of restricted shares granted at
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				d in this period (share)	period (share)		period- begin (share)	the period (share)	period-end (share)
Wu Dinggang	Chairman	In office	570,500	0	0	570,500	0	0	0
Zhong Ming	Director, President	In office	236,175	0	0	236,175	0	0	0
Yong Fengshan	Director	In office	0	0	0	0	0	0	0
Zhao Qilin	Director	In office	0	0	0	0	0	0	0
Kou Huameng	Director, Deputy president	In office	0	0	0	0	0	0	0
Hu Zhaogui	Director, Vice president	In office	178,050	0	0	178,050	0	0	0
Hong yuanjia	Independent director	In office	0	0	0	0	0	0	0
Mou Wen	Independent director	In office	0	0	0	0	0	0	0
Zhao Gang	Independent director	In office	0	0	0	0	0	0	0
Shao Min	Chairman of Supervisory	In office	0	0	0	0	0	0	0
He Xintan	Supervisor	In office	0	0	0	0	0	0	0
Huang Hong	Supervisor	In office	0	0	0	0	0	0	0
Ji Ge	Staff supervisor	In office	0	0	0	0	0	0	0
Sun Hongying	Staff supervisor	In office	0	0	0	0	0	0	0
Huang Danian	Vice president	In office	356,450	0	0	356,450	0	0	0
Tang Youdao	Vice president	In office	0	800,000	0	800,000	0	0	0
Pang Haitao	CFO (person in charge of finance)	In office	0	0	0	0	0	0	0
Li Xia	Secretary of the Board	In office	414,600	0	0	414,600	0	0	0
Liu Hongwei	Executive vice president	Dismission	1,689,893	0	0	1,689,893	0	0	0
Total	--	--	3,445,668	800,000	0	4,245,668	0	0	0

V. Changes in controlling shareholders or actual controllers

(i) Controlling shareholder changes in reporting period

Applicable Not applicable

Controlling shareholder stays the same in Period.

(ii) Changes of actual controller in Period

Applicable Not applicable

Actual controller stays the same in Period

Section VIII Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period

Section IX Corporate Bonds

Applicable Not applicable

Section X Financial Report

I. Audit report

Whether the semi annual report is audited

Yes No

The company's semi annual financial report has not been audited

II. Financial Statement

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated Balance Sheet

Prepared by CHANGHONG MEILING CO., LTD.

June 30, 2023

In RMB

Item	June 30, 2023	January 1, 2023
Current assets:		
Monetary funds	7,887,243,778.77	6,839,421,779.13
Settlement provisions		
Capital lent		
Trading financial assets	192,881,811.89	57,660,588.67
Derivative financial assets		
Note receivable		
Account receivable	2,626,925,077.94	1,306,871,945.85
Receivable financing	1,604,435,165.24	1,446,358,719.88
Accounts paid in advance	19,506,880.37	45,859,491.55
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	84,080,620.23	88,354,803.24
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	2,300,494,914.54	1,710,306,933.71
Contractual assets	31,956,763.36	3,530,922.13
Assets held for sale		
Non-current asset due within one year	292,055,597.22	170,167,638.89

Other current assets	319,262,837.45	120,589,431.85
Total current assets	15,358,843,447.01	11,789,122,254.90
Non-current assets:		
Loans and payments on behalf		
Debt investment	182,033,111.11	121,543,750.00
Other debt investment		
Long-term account receivable		
Long-term equity investment	103,328,795.30	100,384,428.50
Investment in other equity instrument		
Other non-current financial assets	628,549,448.31	628,549,448.31
Investment real estate	51,909,274.28	52,898,060.89
Fixed assets	2,192,986,380.31	2,229,553,866.96
Construction in progress	62,914,871.29	66,522,492.77
Productive biological asset		
Oil and gas asset		
Right-of-use assets	32,936,873.96	36,646,135.10
Intangible assets	908,117,247.23	900,568,008.21
Expense on Research and Development	97,944,716.31	102,148,390.57
Goodwill		
Long-term expenses to be apportioned	16,136,485.05	14,900,600.59
Deferred income tax asset	166,501,193.86	161,565,695.30
Other non-current asset	1,689,040.18	893,238.57
Total non-current asset	4,445,047,437.19	4,416,174,115.77
Total assets	19,803,890,884.20	16,205,296,370.67
Current liabilities:		
Short-term loans	881,207,127.01	674,143,916.67
Loan from central bank		
Capital borrowed		
Trading financial liability	113,610,931.43	41,961,524.78
Derivative financial liability		
Note payable	5,767,919,542.57	4,964,374,512.60
Account payable	4,898,495,830.71	2,917,997,138.00
Accounts received in advance		
Contractual liability	355,486,232.62	358,755,397.77
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		

Security sales of agency		
Wage payable	367,774,567.58	348,154,915.13
Taxes payable	138,928,253.50	80,287,878.62
Other account payable	1,041,304,135.56	828,207,568.21
Including: Interest payable		
Dividend payable	32,049,708.69	4,978,994.16
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	40,699,158.12	30,287,099.08
Other current liabilities	25,838,465.28	22,605,269.51
Total current liabilities	13,631,264,244.38	10,266,775,220.37
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	128,000,000.00	148,000,000.00
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability	25,339,886.55	28,164,287.97
Long-term account payable	1,049,108.10	1,145,286.48
Long-term wages payable	12,164,985.18	10,790,859.64
Accrual liability	32,038,544.31	32,685,631.78
Deferred income	146,434,187.24	161,013,911.91
Deferred income tax liabilities	14,990,512.96	17,509,503.08
Other non-current liabilities		
Total non-current liabilities	360,017,224.34	399,309,480.86
Total liabilities	13,991,281,468.72	10,666,084,701.23
Owner's equity:		
Share capital	1,029,923,715.00	1,029,923,715.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	2,806,493,904.30	2,806,493,904.30
Less: Inventory shares		
Other comprehensive income	-18,859,546.08	-20,881,462.63
Reasonable reserve	12,115,806.61	2,467,205.78
Surplus public reserve	441,218,691.48	441,218,691.48

Provision of general risk		
Retained profit	1,174,611,076.18	909,249,365.79
Total owner's equity attributable to parent company	5,445,503,647.49	5,168,471,419.72
Minority interests	367,105,767.99	370,740,249.72
Total owner's equity	5,812,609,415.48	5,539,211,669.44
Total liabilities and owner's equity	19,803,890,884.20	16,205,296,370.67

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

2. Balance Sheet of Parent Company

In RMB

Item	June 30, 2023	January 1, 2023
Current assets:		
Monetary funds	3,540,317,124.78	3,104,218,400.02
Trading financial assets	30,140,685.07	21,847,922.36
Derivative financial assets		
Note receivable		
Account receivable	1,441,902,097.39	1,145,561,769.05
Receivable financing	1,393,714,963.30	1,433,254,352.52
Accounts paid in advance	36,005,676.66	66,583,414.71
Other account receivable	63,707,764.31	29,903,408.82
Including: Interest receivable		
Dividend receivable		
Inventories	468,949,759.30	463,576,760.77
Contractual assets	46,970.75	46,970.75
Assets held for sale		
Non-current assets maturing within one year	292,055,597.22	170,167,638.89
Other current assets	12,317,946.46	165,510.80
Total current assets	7,279,158,585.24	6,435,326,148.69
Non-current assets:		
Debt investment	182,033,111.11	121,543,750.00
Other debt investment		
Long-term receivables		
Long-term equity investments	1,860,476,731.21	1,856,359,424.33

Investment in other equity instrument		
Other non-current financial assets	608,527,275.52	608,527,275.52
Investment real estate	3,439,458.78	3,543,885.11
Fixed assets	1,119,839,034.70	1,127,344,454.50
Construction in progress	49,041,675.56	51,057,550.03
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets	15,793,515.83	16,739,912.26
Intangible assets	466,120,745.38	467,075,020.10
Research and development costs	68,139,791.62	60,386,906.45
Goodwill		
Long-term deferred expenses	13,065,918.47	11,686,542.49
Deferred income tax assets	126,890,037.15	127,720,739.83
Other non-current assets	638,649.57	638,649.57
Total non-current assets	4,514,005,944.90	4,452,624,110.19
Total assets	11,793,164,530.14	10,887,950,258.88
Current liabilities:		
Short-term borrowings	850,185,752.01	618,091,666.67
Trading financial liability	42,195,286.32	13,537,472.81
Derivative financial liability		
Notes payable	2,379,822,967.92	2,230,728,460.34
Account payable	1,810,626,157.25	1,531,945,762.15
Accounts received in advance		
Contractual liability	104,082,063.96	121,216,205.12
Wage payable	46,305,781.03	64,869,503.19
Taxes payable	18,333,467.70	20,168,907.95
Other accounts payable	900,903,884.00	708,015,820.72
Including: Interest payable		
Dividend payable	31,449,708.69	4,378,994.16
Liability held for sale		
Non-current liabilities due within one year	32,284,472.26	22,238,340.38
Other current liabilities	5,453,243.81	5,978,477.02
Total current liabilities	6,190,193,076.26	5,336,790,616.35
Non-current liabilities:		
Long-term loans	128,000,000.00	148,000,000.00
Bonds payable		
Including: Preferred stock		

Perpetual capital securities		
Lease liability	15,179,183.43	15,861,027.13
Long-term account payable		
Long term employee compensation payable	7,799,060.35	7,184,302.85
Accrued liabilities	7,785,977.55	7,785,977.55
Deferred income	79,205,880.66	84,762,685.97
Deferred income tax liabilities	8,656,161.82	11,153,985.85
Other non-current liabilities		
Total non-current liabilities	246,626,263.81	274,747,979.35
Total liabilities	6,436,819,340.07	5,611,538,595.70
Owners' equity:		
Share capital	1,029,923,715.00	1,029,923,715.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	2,740,508,510.57	2,740,508,510.57
Less: Inventory shares		
Other comprehensive income		
Special reserve	2,231,892.40	687,069.38
Surplus reserve	441,000,525.80	441,000,525.80
Retained profit	1,142,680,546.30	1,064,291,842.43
Total owner's equity	5,356,345,190.07	5,276,411,663.18
Total liabilities and owner's equity	11,793,164,530.14	10,887,950,258.88

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	Semi-annual of 2023	Semi-annual of 2022
I. Total operating income	12,828,694,323.57	10,224,503,551.19
Including: Operating income	12,828,694,323.57	10,224,503,551.19
Interest income		
Insurance gained		
Commission charge and commission income		

II. Total operating cost	12,396,558,239.03	10,156,306,873.88
Including: Operating cost	11,178,914,075.83	9,061,080,531.06
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	98,025,766.62	79,701,444.29
Sales expense	786,493,259.32	666,066,309.98
Administrative expense	182,962,865.60	164,132,141.97
R&D expense	265,176,197.93	248,112,774.54
Financial expense	-115,013,926.27	-62,786,327.96
Including: Interest expenses	13,185,503.15	16,913,382.96
Interest income	83,240,562.07	66,581,155.37
Add: Other income	32,328,256.66	48,325,391.81
Investment income (Loss is listed with “-”)	14,377,940.05	13,816,261.75
Including: Investment income on affiliated company and joint venture	12,544,969.44	8,971,315.55
The termination of income recognition for financial assets measured by amortized cost	-14,192,040.21	-10,198,142.54
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)	-56,428,183.43	3,562,737.04
Loss of credit impairment (Loss is listed with “-”)	-41,081,589.83	-50,466,619.13
Losses of devaluation of asset (Loss is listed with “-”)	-18,167,335.89	-29,791,822.84
Income from assets disposal (Loss is listed with “-”)		8,358,775.10
III. Operating profit (Loss is listed with “-”)	363,165,172.10	62,001,401.04
Add: Non-operating income	10,704,019.80	2,910,887.79
Less: Non-operating expense	3,014,799.22	2,332,960.83
IV. Total profit (Loss is listed with “-”)	370,854,392.68	62,579,328.00
Less: Income tax expense	925,010.04	-10,115,573.46
V. Net profit (Net loss is listed with “-”)	369,929,382.64	72,694,901.46
(i) Classify by business continuity		
1.continuous operating net profit (net	369,929,382.64	72,694,901.46

loss listed with ‘-’)		
2.termination of net profit (net loss listed with ‘-’)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	358,054,844.74	60,375,199.25
2.Minority shareholders’ gains and losses	11,874,537.90	12,319,702.21
VI. Net after-tax of other comprehensive income	2,267,837.82	161,477.79
Net after-tax of other comprehensive income attributable to owners of parent company	2,021,916.55	61,187.61
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss	2,021,916.55	61,187.61
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements	2,021,916.55	61,187.61
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders	245,921.27	100,290.18
VII. Total comprehensive income	372,197,220.46	72,856,379.25
Total comprehensive income attributable to owners of parent Company	360,076,761.29	60,436,386.86
Total comprehensive income attributable to minority shareholders	12,120,459.17	12,419,992.39
VIII. Earnings per share:		
(i) Basic earnings per share	0.3477	0.0582
(ii) Diluted earnings per share	0.3477	0.0582

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

Item	Semi-annual of 2023	Semi-annual of 2022
I. Operating income	4,338,699,541.92	3,276,506,161.47
Less: Operating cost	3,954,954,574.25	3,060,604,345.52
Taxes and surcharge	36,432,651.42	27,794,762.55
Sales expenses	94,839,586.49	80,728,268.23
Administration expenses	49,060,555.60	53,782,990.89
R&D expenses	118,815,372.05	108,366,509.30
Financial expenses	-36,066,516.62	-22,635,899.49
Including: Interest expenses	12,503,638.74	16,599,488.01
Interest income	39,678,411.29	36,123,851.00
Add: Other income	10,946,996.56	21,184,281.25
Investment income (Loss is listed with "-")	68,376,405.75	47,530,171.27
Including: Investment income on affiliated Company and joint venture	11,539,929.52	5,509,596.07
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with "-")	-4,223,097.22	-1,663,033.71
Net exposure hedging income (Loss is listed with "-")		
Changing income of fair value (Loss is listed with "-")	-20,365,050.80	1,369,068.05
Loss of credit impairment (Loss is listed with "-")	-7,182,062.31	-7,829,056.61
Losses of devaluation of asset (Loss is listed with "-")	-808,792.91	-1,325,668.27
Income on disposal of assets (Loss is listed with "-")		8,344,824.89
II. Operating profit (Loss is listed with "-")	171,630,815.02	37,138,805.05
Add: Non-operating income	496,859.54	857,194.10
Less: Non-operating expense	2,712,957.69	1,088,570.22
III. Total Profit (Loss is listed with "-")	169,414,716.87	36,907,428.93
Less: Income tax	-1,667,121.35	-16,609,478.22
IV. Net profit (Net loss is listed with "-")	171,081,838.22	53,516,907.15
(i) continuous operating net profit (net loss listed with "-")	171,081,838.22	53,516,907.15
(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	171,081,838.22	53,516,907.15
VII. Earnings per share:		
(i) Basic earnings per share	0.1661	0.0516
(ii) Diluted earnings per share	0.1661	0.0516

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	Semi-annual of 2023	Semi-annual of 2022
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	12,198,688,836.73	10,312,619,575.60
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	335,722,174.27	379,915,276.10
Other cash received concerning operating activities	45,885,272.47	72,807,336.47
Subtotal of cash inflow arising from operating activities	12,580,296,283.47	10,765,342,188.17
Cash paid for purchasing commodities and receiving labor service	9,633,823,103.98	8,685,143,427.78
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	969,995,100.78	859,700,605.67
Taxes paid	220,348,189.39	254,144,466.19
Other cash paid concerning operating activities	345,610,079.51	391,300,471.18
Subtotal of cash outflow arising from operating activities	11,169,776,473.66	10,190,288,970.82
Net cash flows arising from operating activities	1,410,519,809.81	575,053,217.35
II. Cash flows arising from investing activities:		
Cash received from recovering investment	530,000,000.00	221,539,824.00
Cash received from investment income	29,194,568.79	17,907,264.72
Net cash received from disposal of fixed, intangible and other long-term assets	2,580,708.68	15,074,662.60
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	83,960,584.77	65,647,218.13
Subtotal of cash inflow from investing activities	645,735,862.24	320,168,969.45
Cash paid for purchasing fixed, intangible and other long-term assets	112,867,755.64	132,916,669.27
Cash paid for investment	990,000,000.00	1,024,040,000.00
Net increase of mortgaged loans		

Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	14,291,587.29	7,635,033.86
Subtotal of cash outflow from investing activities	1,117,159,342.93	1,164,591,703.13
Net cash flows arising from investing activities	-471,423,480.69	-844,422,733.68
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	738,227,027.56	647,040,918.37
Other cash received concerning financing activities	246,707,138.50	84,181.37
Subtotal of cash inflow from financing activities	984,934,166.06	647,125,099.74
Cash paid for settling debts	543,000,000.00	490,000,000.00
Cash paid for dividend and profit distributing or interest paying	94,160,552.96	76,995,651.40
Including: Dividend and profit of minority shareholder paid by subsidiaries	16,677,010.63	21,318,560.00
Other cash paid concerning financing activities	160,042,182.97	432,350,094.27
Subtotal of cash outflow from financing activities	797,202,735.93	999,345,745.67
Net cash flows arising from financing activities	187,731,430.13	-352,220,645.93
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	5,527,412.31	19,041,476.23
V. Net increase of cash and cash equivalents	1,132,355,171.56	-602,548,686.03
Add: Balance of cash and cash equivalents at the period -begin	6,113,222,069.76	5,840,194,931.57
VI. Balance of cash and cash equivalents at the period -end	7,245,577,241.32	5,237,646,245.54

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	Semi-annual of 2023	Semi-annual of 2022
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	3,881,403,178.06	3,474,091,634.50
Write-back of tax received	105,626,324.39	130,797,515.16

Other cash received concerning operating activities	11,635,429.61	26,282,682.89
Subtotal of cash inflow arising from operating activities	3,998,664,932.06	3,631,171,832.55
Cash paid for purchasing commodities and receiving labor service	3,259,367,184.55	3,359,375,348.84
Cash paid to/for staff and workers	253,472,494.63	238,053,008.99
Taxes paid	49,530,385.16	27,088,361.68
Other cash paid concerning operating activities	89,990,627.33	113,679,202.41
Subtotal of cash outflow arising from operating activities	3,652,360,691.67	3,738,195,921.92
Net cash flows arising from operating activities	346,304,240.39	-107,024,089.37
II. Cash flows arising from investing activities:		
Cash received from recovering investment		1,539,824.00
Cash received from investment income	74,682,585.15	51,118,076.00
Net cash received from disposal of fixed, intangible and other long-term assets	2,534,831.90	15,055,871.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	38,996,739.61	36,717,526.66
Subtotal of cash inflow from investing activities	116,214,156.66	104,431,297.66
Cash paid for purchasing fixed, intangible and other long-term assets	76,197,096.37	94,314,583.83
Cash paid for investment	180,000,000.00	440,000,000.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	13,796,171.19	2,906,095.09
Subtotal of cash outflow from investing activities	269,993,267.56	537,220,678.92
Net cash flows arising from investing activities	-153,779,110.90	-432,789,381.26
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Cash received from loans	738,227,027.56	612,040,918.37
Other cash received concerning financing activities	95,587,946.50	182,953,531.16
Subtotal of cash inflow from financing activities	833,814,974.06	794,994,449.53
Cash paid for settling debts	518,000,000.00	480,000,000.00
Cash paid for dividend and profit distributing or interest paying	76,787,308.98	55,402,489.41
Other cash paid concerning financing activities	48,994,977.36	46,535,119.44
Subtotal of cash outflow from financing activities	643,782,286.34	581,937,608.85
Net cash flows arising from financing activities	190,032,687.72	213,056,840.68
IV. Influence on cash and cash	2,973,726.15	7,291,862.96

equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	385,531,543.36	-319,464,766.99
Add: Balance of cash and cash equivalents at the period -begin	3,086,968,775.61	3,414,961,989.34
VI. Balance of cash and cash equivalents at the period -end	3,472,500,318.97	3,095,497,222.35

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

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

This Period

In RMB

Item	Semi-annual of 2023														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			
Pref erred stock		Perp etual capit al secu ritie s	Ot her													
I. The ending balance of the previous year	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	
Add: Changes of accounting policy									17,219.50		167,328.13		184,547.63	-8,145.54	176,402.09	
Error correction of the last period																
Enterprise combine under the same control																
Other																
II. The beginning balance of the current year	1,029,923,715.00				2,806,493,904.30		-20,881,462.63	2,467,205.78	441,218,691.48		909,249,365.79		5,168,471,419.72	370,740,249.72	5,539,211,669.44	
III. Increase/							2,021,916.55	9,648,600.83			265,361,710.39		277,032.2	-	273,397.7	

Decrease in the period (Decrease is listed with “-”)													27.77	3,634,481.73	46.04	
(i) Total comprehensive income						2,021,916.55							358,054,844.74	360,076,761.29	12,120,459.17	372,197,220.46
(ii) Owners’ devoted and decreased capital																
1. Common shares invested by shareholders																
2. Capital invested by holders of other equity instruments																
3. Amount reckoned into owners equity with share-based payment																
4. Other																
(iii) Profit distribution													-92,693,134.35	-92,693,134.35	-16,677,010.63	-109,370,144.98
1. Withdrawal of surplus reserves																
2. Withdrawal of general risk provisions																
3. Distribution													-92,693,134.35	-	-	-

for owners (or shareholders)													92,693,134.35	16,677,010.63	109,370,144.98
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								9,648,600.83					9,648,600.83	922,069.73	10,570,670.56
1. Withdrawal								15,558,156.14					15,558,156.14	1,133,609.0	16,691,765.14

in the report period													6.14	6	5.20	
2. Usage in the report period							5,909,555.31						5,909,555.31	211,539.33	6,121,094.64	
(vi) Others																
IV. Balance at the end of the period	1,029,923,715.00				2,806,493,904.30		-18,859,546.08	12,115,806.61	441,218,691.48				1,174,611,076.18	5,445,503,647.49	367,105,767.99	5,812,609,415.48

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

Last Period

In RMB

Item	Semi-annual of 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		
	Preferred 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	-		12,493,667.73	-26,430,571.38	61,187.61				8,879,013.50		8,202,938.76	-8,898,567.61	-695,628.85
(i) Total comprehensive income						61,187.61				60,375,199.25		60,436,386.86	12,419,992.39	72,856,379.25
(ii) Owners' devoted and decreased capital	14,674,166.00	-		12,493,667.73	-26,430,571.38							-737,262.35		-737,262.35
1. Common shares invested by shareholders	14,674,166.00	-		12,493,667.73	-26,430,571.38							-737,262.35		-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										-51,496,185.75		51,496,185.75	21,318,560.00	-72,814,745.75
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk provisions														
3. Distribution for owners (or shareholders)										-51,496,185.75		51,496,185.75	21,318,560.00	-72,814,745.75
4. Other														
(iv) Carrying forward internal owners' equity														
1. Capital reserves conversed to capital (share capital)														
2. Surplus reserves conversed to capital														

(share capital)															
3. Remedying loss with surplus reserve															
4. Carry-over retained earnings from the defined benefit plans															
5. Carry-over retained earnings from other comprehensive income															
6. Other															
(v) Reasonable reserve															
1. Withdrawal in the report period															
2. Usage in the report period															
(vi) Others															
IV. Balance at the end of the period	1,029,923,715.00				2,670,335,732.53		-20,842,082.96		423,111,236.90		743,008,737.50		4,845,537,338.97	148,558,413.23	4,994,095,752.20

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

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

This Period

In RMB

Item	Semi-annual of 2023											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								

							ve inco me					
I. The ending balance of the previous year	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
Add: Changes of accounting policy									17,219.50	154,975.45		172,194.95
Error correction of the last period												
Other												
II. The beginning balance of the current year	1,029,923,715.00				2,740,508,510.57			687,069.38	441,000,525.80	1,064,291,842.43		5,276,411,663.18
III. Increase/ Decrease in the period (Decrease is listed with "-")								1,544,823.02		78,388,703.87		79,933,526.89
(i) Total comprehensive income										171,081,838.22		171,081,838.22
(ii) Owners' devoted and decreased capital												
1. Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(iii) Profit distribution										-92,693,134.35		-92,693,134.35
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-92,693,134.35		-92,693,134.35
3. Other												
(iv) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												

2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(v) Reasonable reserve							1,544,823.02					1,544,823.02
1. Withdrawal in the report period							4,278,881.39					4,278,881.39
2. Usage in the report period							2,734,058.37					2,734,058.37
(vi) Others												
IV. Balance at the end of the period	1,029,923,715.00				2,740,508,510.57		2,231,892.40	441,000,525.80	1,142,680,546.30			5,356,345,190.07

Legal Representative: Wu Dinggang
Last period

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

In RMB

Item	Semi-annual of 2022											
	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				2,753,002,178.30	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				2,020,721.40		1,283,459.05
(i) Total comprehensive income										53,516,907.15		53,516,907.15
(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										-51,496,185.75		-51,496,185.75
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-51,496,185.75		-51,496,185.75
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												
1. Withdrawal in the report period												
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				422,893,071.22	954,841,658.45		5,148,166,955.24

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

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

From 1 January 2023 to 30 June 2023

(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.

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,

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

From 1 January 2023 to 30 June 2023

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

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 of Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2023 to 30 June 2023

(Unless other wise specified, RMB for record in the Statement)

Ended as June 30, 2023, 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 14.39% in total shares. Specific capital structure is as follows:

Type of stock	Quantity	Proportion
(I)Restricted shares	8,111,315	0.79%
1. State-owned shares		
2. State-owned legal person's shares	1,141,053	0.11%
3. Other domestic shares	5,280,369	0.51%
Including: Domestic legal person's shares	3,363,539	0.33%
Domestic natural person's shares	1,916,830	0.18%
4. Foreign shares	1,689,893	0.17%
Including: Overseas legal person's shares		
Overseas natural person's shares	1,689,893	0.17%
(II)Unrestricted shares	1,021,812,400	99.21%
1. RMB Ordinary shares	875,312,459	84.99%
2. Domestically listed foreign shares	146,499,941	14.22%
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 of Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2023 to 30 June 2023

(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.

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

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.

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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.

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

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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 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

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disposal of equity interest and fair value of the remaining equity interest, less the net assets of the original subsidiary attributable to the Company calculated based on the original shareholding proportion since the acquisition date or the date then consolidation commences, is included in investment gains and losses for the period when control is lost, meanwhile to offset goodwill. Other comprehensive income related to equity interest investment in original subsidiaries is transferred into current investment gains and losses upon loss of control.

If the disposal of the equity investment of 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 with drawn 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 in significant risk of changes in value.

9. Foreign currency business and foreign currency financial statement conversion

(1) Foreign currency business

As for the foreign currency business, the Company converts the foreign currency amount into RMB amount pursuant to the spot exchange rate as of the business day. As at the balance sheet date, monetary items expressed by foreign currency are converted into RMB pursuant to the spot exchange rate as of the balance sheet date. The conversion difference occurred is recorded into prevailing gains and losses, other than the disclosure which is made according to capitalization rules for the exchange difference occurred from the special foreign currency borrowings borrowed for constructing and producing the assets satisfying condition of capitalization. As for the foreign currency non-monetary items measured by fair value, the amount is then converted into RMB according to the spot exchange rate as of the confirmation day for fair value. And the

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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.

(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.

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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

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,

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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.

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.

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

If the enterprise has neither transferred or kept almost all risks and remunerations of financial assets ownership, nor given up controlling the financial assets, then confirm the relevant financial assets according to how it continues to involve into the transferred financial assets and confirm the relevant liabilities accordingly. The extent of continuing involvement in the transferred financial assets refers to the level of risk arising from the changes in financial assets value faced by the enterprise.

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

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

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

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(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 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

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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 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

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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

Accounting treatment methods for financial instrument impairment. The Company calculates the expected credit loss of contract assets on the balance sheet date, if the expected credit loss is greater than the book value of provision for impairment of contract assets, the Company shall recognize the difference as an impairment loss, debiting the "asset impairment loss" and crediting the "contract asset impairment provision". On the contrary, the Company shall recognize the difference as an impairment gain and keep the opposite accounting records.

If the Company actually incurs credit losses and determines that the relevant contract assets cannot be recovered, for those approved to be written off, debit the "contract asset impairment reserve" and credit the "contracted asset" based on the approved write-off amount. If the written-off amount is greater than the provision for loss that has been withdrawn, the "asset impairment loss" is debited based on the difference.

13. Contract cost

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(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 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.

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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.

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

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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 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

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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:

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%

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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 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

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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

As for expenditure for research and development, the Company classifies it into expenditure on research phase and development phase, based on nature of the expenditure and that whether the final intangible assets formed by research & development is of great uncertainty. Expenditure arising during research should be recorded in current gains and losses upon occurrence; expenditure arising during development is confirmed as intangible assets when satisfying the following conditions:

-Completions of the intangible assets make it available for application or sell in technology;

-Equipped with plan to complete the intangible asset and apply or sell it;

There is market for products produced with this intangible asset or the intangible asset itself;

-Have sufficient technology, financial resource and other resources to support development of the intangible assets, and have ability to apply or sell the assets;

-Expenditure attributable to development of the intangible assets could be reliable measured.

Expenditure arising during development not satisfying the above conditions shall be recorded in current gains and losses upon occurrence. Development expenditure which had been recorded in gains and losses in previous period would not be recognized as assets in later period. Expenditure arising during development phase which has been starting capitalization is listed in balance sheet as development expenditure, and transferred to intangible assets since the project reaches at predicted utilization state.

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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.

24. Goodwill

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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.

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

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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 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.

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The transaction price is the amount of consideration that the Company expects to be entitled to receive due to the transfer of goods or services to customers, excluding payments on behalf of third parties. The transaction price confirmed by the Company does not exceed the amount at which the cumulatively recognized revenue will most likely not to undergo a significant switch back when the relevant uncertainty is eliminated. The money expected to be returned to the customer will be regarded as a return liability and not included in the transaction price. If there is a significant financing component in the contract, the Company shall determine the transaction price based on the amount payable on the assumption that the customer pays in cash when obtaining the control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest method during the contract period. On the starting date of the contract, if the Company expects that the interval between the customer's acquisition of control of the goods or services and the customer's payment of the price doesn't exceed one year, the significant financing components in the contract shall be ruled out.

When meeting one of the following conditions, the Company is to perform its performance obligations within a certain period of time, otherwise, it is to perform its performance obligations at a certain point in time:

- 1) The customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company's performance;
- 2) Customers can control the products under construction during the performance of the Company;
- 3) The goods produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to collect payment for the accumulated performance part of the contract during the entire contract period.

For performance obligations performed within a certain period of time, the Company recognizes revenue in accordance with the performance progress during that period and determine the progress of performance in accordance with the output method. When the performance progress cannot be reasonably determined, if the cost incurred by the Company is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point in time, the Company recognizes revenue at the point when the customer obtains control of the relevant goods or services. When judging whether a customer has obtained control of goods or services, the Company will consider the following signs:

- 1) The Company has the current right to collect payment for the goods or services;
- 2) The Company has transferred the goods in kind to the customer;
- 3) The Company has physically transferred the goods to the customer;
- 4) The Company has transferred the principal risks and rewards of ownership of the goods to the customer;
- 5) The customer has accepted the goods or services, etc.

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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 includes project grants, financial subsidies and job stabilization subsidies. Of which, asset-related government subsidies are government subsidies acquired by the Company for the acquisition or other formation of long-term assets; government subsidies related to revenue are government subsidies 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 deferred income tax assets and deferred income tax liabilities will be recognized. As of the balance sheet date,

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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. For the confirmed deferred income tax assets, the book value of deferred income tax assets shall be written down when it is estimated that it is likely that sufficient taxable income will not be obtained to offset the deferred income tax assets in the future. When sufficient taxable income is likely to be obtained, the amount written down will be reversed.

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

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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 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

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such non-current assets or disposal group after their fair value less the selling expenses as the initial measurement amount is recorded in the current profit or loss.

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

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

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

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

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

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

(7) If the non-current assets or disposal group are no longer classified as held for sale since they no longer meet the condition of being classified as held for sale or the non-current assets are removed from the disposal group held for sale, they will be measured at the lower of the following: 1) the amount after their book value 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.

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(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.

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.

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(1) Inventory impairment provision

The Company's provision for impairment of inventories on the balance sheet date is the part of the net realizable value lower than the cost of inventories. The net realizable value of the inventory of goods that are directly used for sale, such as the goods in stock, the goods sent out, and the materials for sale, and the low-consumption goods, shall be determined by the amount of the estimated selling price of the inventory minus the estimated selling expenses and relevant taxes. The net realizable value of the material inventory held for production is determined by the amount of the estimated selling price of the finished product produced minus the estimated cost to be incurred at the time of completion, the estimated selling expenses and relevant taxes.

(2) Accounting estimation on long-term assets impairment provision

The Company makes impairment test on fixed assets such as buildings, machine and equipment which have impairment indication and long-term assets such as goodwill as at the balance sheet date. The recoverable amount of relevant assets and assets group shall be the present value of the projected future cash flow which shall be calculated with accounting estimation.

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

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

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

(4) Usable term and residual value rate of fixed assets and intangible assets

The Company, at least at the end of each accounting year, reviews the projected usable life and residual value rate of fixed assets and intangible assets. The projected usable life and residual value rate are determined by the management based on the historical experiences of similar assets by reference to the estimation generally used by the same industry with consideration on projected technical upgrade. If material change occurs to previous estimation, the Company shall accordingly adjust the depreciation expenses and amortization expenses for future period.

(5) Projected liabilities arising from product quality guarantee

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

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

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

Contents and reasons of changes in accounting policies	Approval procedure	Remark
On November 30, 2022, the Ministry of Finance issued the "Interpretation of Accounting Standards for Business Enterprises No. 16". When	Relevant accounting policy changes have been approved	

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Contents and reasons of changes in accounting policies	Approval procedure	Remark
preparing the financial statements for the half year of 2023, the company implemented the relevant accounting standards interpretation and processed them in accordance with relevant bridging regulations.	at the 32nd meeting of the 10th Board of Directors of the Company	

The names and amounts of the report items that are significantly affected are as follows:

Affected items	Consolidated statement			Parent company statement		
	2022-12-31 (before change)	Adjustment amount	2023-1-1 (after change)	2022-12-31 (before change)	Adjustment amount	2023-1-1 (after change)
Deferred income tax assets	156,630,537.43	4,935,157.87	161,565,695.30	125,037,558.04	2,683,181.79	127,720,739.83
Deferred income tax liabilities	12,750,747.30	4,758,755.78	17,509,503.08	8,642,999.01	2,510,986.84	11,153,985.85
Surplus public	441,201,471.98	17,219.50	441,218,691.48	440,983,306.30	17,219.50	441,000,525.80
Undistributed profit	909,082,037.66	167,328.13	909,249,365.79	1,064,136,866.98	154,975.45	1,064,291,842.43
Minority equity	370,748,395.26	-8,145.54	370,740,249.72			

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

(3) The implementation of new accounting standards or standard interpretations for the first time since 2023 involves adjusting the relevant items in the financial statements at the beginning of the year of the first implementation

Explanation of the merger and adjustment of the parent company's balance sheet: Starting from January 1, 2023, the company will implement the "Interpretation of Accounting Standards for Business Enterprises No. 16", and adjust the retained earnings and other related financial statement items at the beginning of the year of the first implementation based on the cumulative impact of the interpretation of the first implementation of the standards. The specific adjustment details are shown in 40 and (1).

V. Taxation

1. Major taxes and tax rates

Tax (expenses)	Tax (expenses) base	Tax (expenses) rate
VAT	Income from sales of goods and from processing	13%,9%,6%,5%,3%
Urban maintenance and construction tax	Turnover tax	5% or7%
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% or 12%
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:

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Name	Income tax rate
Changhong Meiling Co., Ltd.	15%
Zhongke Meiling Cryogenic Technology Co., Ltd.	15%
Zhongshan Changhong Electric Co., Ltd.	15%
Sichuan Hongmei Intelligent Technology Co., Ltd.	15%
Mianyang Meiling Refrigeration Co., Ltd.	15%
Changhong Meiling Ridian Technology Co., Ltd.	15%
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	15%
Hefei Meiling Nonferrous Metal Products Co., Ltd.	15%
Jiangxi Meiling Electric 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%
Changhong Ruba 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-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.

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(4) The subsidiary Sichuan Hongmei Intelligent Technology Co., Ltd. has passed the qualification of high-tech enterprise certification on 9 October 2021, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

(5) 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.

(6) 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.

(7) 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.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) 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.: 6 of 2023)” of the Ministry of Finance and the State Administration of Taxation, and temporarily implements below policies: the part of annual taxable income that does not exceed one million yuan is included in taxable income by 25% after a reduction, and corporate income tax is paid at a tax rate of 20%, valid until December 31, 2024; while the part of annual taxable income exceeds one million yuan but not exceeding three million yuan is included in taxable income

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by 25% after a reduction, and corporate income tax is paid at a tax rate of 20%, which is valid until December 31, 2024.

(13) 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.

(14) 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, "period-beginning" refers to Jan. 1, 2023; "period-end" refers to Jun. 30, 2023; "Current Period" refers to Jan. 1 to Jun. 30, 2023; "the last period" refers to Jan. 1 to Jun. 30, 2022; the currency is RMB.

1. Monetary fund

Item	Ending balance	Opening balance
Cash	35,553.71	21,243.42
Bank deposit	7,273,692,594.58	6,119,260,150.47
Other monetary fund	604,060,046.35	712,717,808.79
Interest receivable on deposit	9,455,584.13	7,422,576.45
Total	7,887,243,778.77	6,839,421,779.13
Including: total amount deposited in overseas	30,493,701.01	9,295,065.32
Total use of restricted funds	632,210,953.32	718,777,132.92

Other monetary fund:

Item	Ending balance	Opening balance
Cash deposit	603,498,782.91	712,177,743.52
Co-managed account funds	506,802.20	506,171.40
Union Pay online	54,461.24	33,893.87
Total	604,060,046.35	712,717,808.79

(1) At the end of Team, the funds deposited in Sichuan Changhong Group Finance Co., Ltd. (hereinafter 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, totalling RMB3,692,770,838.31, of which RMB 2,351,440,000.00 was time deposit, RMB1,183,730,703.78 was current deposit, and RMB 157,600,134.53 was the earnest money.

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(2) The restricted monetary funds are the earnest money of RMB 603,498,782.91, the restricted balance of the co-management account of RMB506,802.20, and the bank deposit of RMB 28,205,368.21 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	192,881,811.89	57,660,588.67
Including: Derivative financial assets	72,248,082.82	57,660,588.67
Principal and interest of wealth management products	120,633,729.07	

Transactional financial assets in this period are caused by forward foreign exchange contracts, unconfirmed firm commitment evaluation and new wealth management products.

3. Note receivable

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

N/A

(2) 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	75,254,715.65
Total	75,554,715.65

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

N/A

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

4. Account receivable

(1) Category of account receivable by bad debt accrual

Category	Amount at year-end				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Account receivable that withdrawal bad debt provision by single item	895,845,148.80	30.62	140,437,086.19	15.68	755,408,062.61
Including: current payment with related party	827,188,790.93	28.27	112,043,400.74	13.55	715,145,390.19
Account receivable with letter of credit	32,327,946.92	1.11			32,327,946.92

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Category	Amount at year-end				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Account receivable with single minor amount but withdrawal single item bad debt provision	36,328,410.95	1.24	28,393,685.45	78.16	7,934,725.50
Account receivable withdrawal bad debt provision by portfolio	2,030,047,327.08	69.38	158,530,311.75	7.81	1,871,517,015.33
Including: account receivable of engineering customers	209,090,087.00	7.15	37,951,059.38	18.15	171,139,027.62
Receivables other than engineering customers	1,820,957,240.08	62.23	120,579,252.37	6.62	1,700,377,987.71
Total	2,925,892,475.88	100.00	298,967,397.94	10.22	2,626,925,077.94

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	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

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, 87 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)	20,993,865.75		
More than 3 months and less than 6 months (6 months included)	18,706,778.91		

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Account age	Balance at year-end		
	Book balance	Bad debt provision	Provision ratio (%)
Over 6 months and within one year (One year included)	49,497,042.61		
Over one year - within 2 years (2 years included)	97,118,733.29	19,423,746.66	20.00
Over 2 years - within 3 years (3 years included)	8,492,707.44	4,246,353.72	50.00
Over 3 years	14,280,959.00	14,280,959.00	100.00
Total	209,090,087.00	37,951,059.38	-

Continued

Account age	Balance at year-begin		
	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	

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)	1,628,734,258.41	16,287,342.58	1.00
More than 3 months and less than 6 months (6 months included)	32,679,767.59	3,267,976.76	10.00
Over 6 months and within one year (One year included)	13,861,990.09	2,772,398.02	20.00
Over one year - within 2 years (2 years included)	68,867,704.09	34,433,852.05	50.00
Over 2 years - within 3 years (3 years included)	64,979,184.69	51,983,347.75	80.00
Over 3 years	11,834,335.21	11,834,335.21	100.00
Total	1,820,957,240.08	120,579,252.37	-

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Account age	Balance at year-begin		
	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	

(2) By account age

Account age	Balance at year-end	Balance at year-begin
Within 3 months (3 months included)	2,394,643,994.46	839,113,924.70
More than 3 months and less than 6 months (6 months included)	104,895,819.62	319,861,920.01
Over 6 months and within one year (One year included)	84,052,227.37	94,045,030.09
Over one year - within 2 years (2 years included)	203,369,644.26	241,992,516.95
Over 2 years - within 3 years (3 years included)	89,504,254.92	32,346,833.25
Over 3 years	49,426,535.25	38,203,610.15
Total	2,925,892,475.88	1,565,563,835.15

(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	258,691,889.30	46,016,573.15	3,588,165.07	-	2,152,899.44	298,967,397.94
Total	258,691,889.30	46,016,573.15	3,588,165.07	-	2,152,899.44	298,967,397.94

(4) Account receivable actually written-off in Current Year: N/A.

(5) Top five receivables collected by arrears party amounting to 1,735,301,853.62 yuan in total, accounted for 59.31% of the receivables of current year-end, the bad debt provision accrual correspondingly amounting to 153,978,176.56 yuan at year-end balance.

(6) Account receivable terminated recognition due to the transfer of financial assets of 1,421,087,329.97 yuan.

(7) No assets and liability transfer Account receivable and continues to involve at year-end.

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5. Receivables financing

Item	Ending balance	Opening balance
Bank acceptance	1,604,435,165.24	1,446,358,719.88
Total	1,604,435,165.24	1,446,358,719.88

(1) Notes receivable already pledged that presented in receivables financing:

Item	Amount pledged at period-end	Amount pledged at period-begin
Bank acceptance	444,382,921.22	405,400,483.49

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.64.

Assets with restricted ownership or use rights.

(2) Receivable financing that have been endorsed or discounted at end of the Period and are not yet due at balance sheet date

Item	Amount derecognition at period-end	Amount without derecognition at period-end
Bank acceptance	796,716,204.94	
Total	796,716,204.94	

6. Accounts paid in advance

(1) Age of account paid in advance

Item	Ending balance		Opening balance	
	Amount	Ratio (%)	Amount	Ratio (%)
Within one year	17,214,800.04	88.25	39,700,777.69	86.57
1-2 years	670,023.28	3.43	5,042,628.29	11.00
2-3 years	958,898.56	4.92	1,116,085.57	2.43
Over 3 years	663,158.49	3.40		
Total	19,506,880.37	100.00	45,859,491.55	100.00

(2) Top 5 of account paid in advance in balance at period-end amounting to 10,927,827.80 yuan, accounted for 56.02% of the account.

7. Other account receivable

Item	Ending balance	Opening balance
Other account receivable	84,080,620.23	88,354,803.24
Total	84,080,620.23	88,354,803.24

(1) Category of other account receivable

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Nature	Book balance at period-end	Book balance at period-begin
Export rebate	42,386,850.46	13,304,094.59
Cash deposit	20,679,027.00	53,876,630.71
Loans of employee's pretty cash	20,993,064.33	19,142,320.86
Related party not in consolidation statement	664,271.43	716,725.90
Advance money temporary	489,599.01	3,122,122.93
Other	503,366.48	1,174,866.78
Total	85,716,178.71	91,336,761.77

(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. 2023		1,690,724.90	1,291,233.63	2,981,958.53
Book balance of other account receivable in Current Period as at 1 Jan. 2023				
--Transfer to the second stage				
-- Transfer to the third stage				
-- Reversal to the second stage				
-- Reversal to the first stage				
Provision in Current Period		-1,346,818.25		-1,346,818.25
Reversal in Current Period				
Conversion in Current Period				
Write off in Current Period				
Other change		418.20		418.20
Balance as at 30 Jun. 2023		344,324.85	1,291,233.63	1,635,558.48

(3) By account age

Account age	Ending balance	Opening balance
Within 3 months (3 months included)	70,162,312.05	32,703,626.46
More than 3 months and less than 6 months (6 months included)	2,105,772.11	3,033,052.73
Over 6 months and within one year (One year included)	2,121,730.11	9,242,123.46
Over one year - within 2 years (2 years included)	4,722,444.01	16,985,265.38

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Account age	Ending balance	Opening balance
Over 2 years - within 3 years (3 years included)	1,969,439.00	22,359,916.12
Over 3 years	4,634,481.43	7,012,777.62
Total	85,716,178.71	91,336,761.77

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

Name	Nature	Ending balance	Account age	Proportion in total other receivables ending balance (%)	Ending balance of bad debt provision
Unit I	Export rebate	42,265,562.52	Within 3 months	49.31	
Unit II	Cash deposit	10,000,000.00	Within 3 months	11.67	
Unit III	Pretty cash	1,433,682.65	Within 3 months ,2-3 years	1.67	
Unit IV	Pretty cash	1,307,420.29	1-2 years	1.53	
Unit V	Pretty cash	1,195,854.22	Within 3 months	1.40	
Total		56,202,519.68		65.58	

(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	Ending balance		
	Book balance	Inventory price decline provision/contract performance cost impairment provision	Book value
Raw materials	233,187,901.46	6,749,428.55	226,438,472.91
Stock commodities	1,150,829,725.91	47,629,987.51	1,103,199,738.40
Low value consumable articles	2,620,734.88	800,989.07	1,819,745.81
Goods in transit	896,671,476.94	6,775,018.04	889,896,458.90
Goods-in-process	8,908,329.87		8,908,329.87
Contract performance cost	29,232,475.47		29,232,475.47
Deferred expense for mould	40,999,693.18		40,999,693.18
Total	2,362,450,337.71	61,955,423.17	2,300,494,914.54

(Continued)

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Item	Opening balance		
	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

(2) Provision for inventory depreciation and contract performance cost impairment provision

Item	Opening balance	Increase this period		Decrease this period		Ending balance
		Accrual	Other	Reversal or reselling	Other	
Raw materials	6,676,011.97	1,774,507.49		1,701,090.91		6,749,428.55
Stock commodities	48,374,183.50	14,540,441.69		15,211,189.62	73,448.06	47,629,987.51
Goods in transit	6,074,817.77	1,684,831.46		984,631.19		6,775,018.04
Low value consumable articles	871,871.72			70,882.65		800,989.07
Total	61,996,884.96	17,999,780.64		17,967,794.37	73,448.06	61,955,423.17

(3) Accrual for inventory falling price reserves

Item	Specific basis for determining of net realizable value	Reasons for the reversal or reselling in Current Period
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

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Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Warranty	34,142,084.99	2,185,321.63	31,956,763.36	4,301,610.03	770,687.90	3,530,922.13
Total	34,142,084.99	2,185,321.63	31,956,763.36	4,301,610.03	770,687.90	3,530,922.13

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

Item	Accrual	Withdrawal or reversal	Resale or write-off	Reason
Bad debt provision	1,414,633.73			
Total	1,414,633.73			

10. Non-current assets coming due within one year

Items	Balance at year-end	Balance at year-begin
Debt investment due within one yea	292,055,597.22	170,167,638.89
Total	292,055,597.22	170,167,638.89

11. Other current assets

Item	Balance at year-end	Balance at year-begin
Value-added tax to be deducted	71,901,466.09	39,540,856.28
Advance payment of income tax	29,557,102.71	22,673,762.88
Contract acquisition cost	4,528,691.04	5,654,727.03
Local sales tax in Pakistan	741,552.16	1,269,125.78
Fixed deposits and interest	211,840,756.94	50,559,479.17
Other	693,268.51	891,480.71
Total	319,262,837.45	120,589,431.85

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	182,033,111.11		182,033,111.11	121,543,750.00		121,543,750.00
Total	182,033,111.11		182,033,111.11	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
		Addition 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.	19,899,176.44			-13,428.80			5,793,600.00			14,092,147.64	
2.Sichuan Zhiyijia Network Technology Co., Ltd. <small>note1</small>	51,850,179.61			11,553,358.32			1,629,022.64			61,774,515.29	
3.Hong Yuan Ground Energy Heat Tech. Co., Ltd. <small>note2</small>	17,019,041.81			-555,510.55						16,463,531.26	
4.Sichuan Tianyou Guigu Technology Co., Ltd. <small>note3</small>	3,110,581.87			-165,237.44						2,945,344.43	
5.Chengdu Guigu Environmental Tech. Co., Ltd. <small>note4</small>	8,505,448.77			-452,192.09						8,053,256.68	
6.ChanghongRuba Electric Company(Private)Ltd.											
7.Hefei Xinmei Solar Energy Technology Co., Ltd. <small>note6</small>				2,177,980.00			2,177,980.00				
Total	100,384,428.50			12,544,969.44			9,600,602.64			103,328,795.30	

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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

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registered capital. Chengdu Southwest Jiaotong University Industry (Group) Co., Ltd made capital contribution of 8 million yuan, accounting for 20% of the registered capital. Mianyang Investment Holding (Group) Co., Ltd made capital contribution of 2 million yuan, accounting for 5% of the registered capital. Shanghai Zhongcheng Xindaya Financial Information Service Co., Ltd made capital contribution of 2 million yuan, accounting for 5% of the registered capital. Sichuan Shuye Jiachen Property Development Company made capital contribution of 4 million yuan, accounting for 10% of the registered capital. Chengdu Dongyu Shangmao Co., Ltd made capital contribution of 6 million yuan, accounting for 15% of the registered capital

Note 5: Zhongshan Changhong, a subsidiary of the Company, entered into a supplemental joint venture agreement with RUBA Comprehensive Trading Company in 2017, pursuant to which, 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	542,489,224.37
Sichuan Hongyun New-Generation Information technology Venture Capital Fund Partnership (limited partnership)	41,015,878.36	41,015,878.36
Changhong Group Sichuan Shenwan Hongyuan Strategic New Industrial Parent Fund Partnership (limited partnership)	40,044,345.58	40,044,345.58
Huishang Bank Co., Ltd.	5,000,000.00	5,000,000.00
Total	628,549,448.31	628,549,448.31

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	62,361,143.47	62,361,143.47

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Item	House and buildings	Total
2.Increase in this year		
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	9,463,082.58	9,463,082.58
2.Increase in this year	988,786.61	988,786.61
(1)Provision or amortization	988,786.61	988,786.61
3.Decrease in this year		
4.Balance at year-end	10,451,869.19	10,451,869.19
III.Impairment provision		
IV.Book value		
1.Ending book value	51,909,274.28	51,909,274.28
2. Opening book value	52,898,060.89	52,898,060.89

(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	2,607,186.17		3,187,831.55

(4) Investment real estate without property certification held

Item	Book value	Reasons for failing to complete property rights certificate
J04workshop	27,114,336.31	Related property rights in procedure
J03workshop	18,737,282.11	Related property rights in procedure
J20 air compressor station workshop	1,338,934.08	Related property rights in procedure
J18 opening and closing office	647,949.55	Related property rights in procedure
Total	47,838,502.05	

16. Fixed assets

Item	Ending book value	Opening book value
Fixed assets	2,160,693,196.55	2,197,260,683.20
Disposal of fixed assets	32,293,183.76	32,293,183.76
Total	2,192,986,380.31	2,229,553,866.96

16.1 Fixed assets

(1) Fixed assets

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Item	House and buildings	Machinery equipment	Transport equipment	Other equipment	Total
I.Original book value					
1.Balance at year-begin	1,712,329,446.72	1,865,348,912.32	34,208,114.60	243,498,921.36	3,855,385,395.00
2.Increase in this year	25,653,197.71	50,705,887.10	1,103,299.98	14,907,151.94	92,369,536.73
(1)Purchase	490,616.61	2,095,819.53	38,938.05	791,757.34	3,417,131.53
(2)Construction in progress transfer-in	25,162,581.10	48,610,067.57	1,064,361.93	14,106,565.47	88,943,576.07
(3)Transfer-in of investment real estate				8,829.13	8,829.13
3.Decrease in this year	46,817.00	64,221,505.55	476,682.08	5,443,479.62	70,188,484.25
(1)Dispose or retirement	46,817.00	42,519,363.60	361,051.43	5,281,934.93	48,209,166.96
(2)Construction in progress transfer-in		17,772,238.70			17,772,238.70
(3)Decreased for change of foreign rate			115,630.65	161,544.69	277,175.34
(4)Temporary estimated decrease		3,929,903.25			3,929,903.25
4.Balance at year-end	1,737,935,827.43	1,851,833,293.87	34,834,732.50	252,962,593.68	3,877,566,447.48
II.Accumulated depreciation					
1.Balance at year-begin	455,256,950.47	1,064,311,933.48	22,446,081.44	114,040,153.79	1,656,055,119.18
2.Increase in this year	27,438,255.60	71,816,205.51	1,657,445.72	10,174,918.40	111,086,825.23
(1)Accrual	27,438,255.60	71,816,205.51	1,657,445.72	10,174,918.40	111,086,825.23
3.Decrease in this year	22,180.29	45,982,327.20	373,083.54	5,023,272.90	51,400,863.93
(1)Dispose or retirement	22,180.29	38,410,281.87	340,863.37	4,951,895.89	43,725,221.42
(2)Construction in progress transfer-in		7,572,045.33			7,572,045.33
(3)Decreased for change of foreign rate			32,220.17	71,377.01	103,597.18
4.Balance at year-end	482,673,025.78	1,090,145,811.79	23,730,443.62	119,191,799.29	1,715,741,080.48
III.Impairment provision					
1.Balance at year-begin		1,060,299.52		1,009,293.10	2,069,592.62
2.Increase in this year					
3.Decrease in this year		924,106.56		13,315.61	937,422.17
(1)Dispose or retirement		924,106.56		13,315.61	937,422.17
4.Balance at year-end		136,192.96		995,977.49	1,132,170.45
IV.Book value					
1.Ending book value	1,255,262,801.65	761,551,289.12	11,104,288.88	132,774,816.90	2,160,693,196.55
2. Opening book value	1,257,072,496.25	799,976,679.32	11,762,033.16	128,449,474.47	2,197,260,683.20

The new fixed assets in this year mainly due to the 88,943,576.07 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.

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Name	Original book value	Accumulated depreciation	Impairment provision	Book value
House and buildings	477,550,851.88	149,722,150.78		327,828,701.10

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

Item	Original book value	Accumulated depreciation	Impairment provision	Book value
House and buildings	68,259,223.94	24,519,269.12		43,739,954.82
Machinery equipment	25,239,848.68	14,358,682.67		10,881,166.01
Other equipment	10,720.00	10,184.00		536.00
Total	93,509,792.62	38,888,135.79		54,621,656.83

(4) Fixed assets without property certificate

Item	Book value	Reason of not complete the property certificate
J07 electrical workshop	44,560,929.51	Related property rights in procedure
Testing and experiment Centre building	36,562,708.23	Related property rights in procedure
J02workshop	28,665,997.64	Related property rights in procedure
J05 evaporator and condenser workshop	27,606,764.56	Related property rights in procedure
J01 workshop	26,569,665.08	Related property rights in procedure
J06 central air-conditioner workshop	18,746,521.73	Related property rights in procedure
J50finished product warehouse	16,517,248.77	Related property rights in procedure
J51finished product warehouse	16,026,355.05	Related property rights in procedure
J53finished product warehouse	12,160,761.67	Related property rights in procedure
J52finished product warehouse	11,620,348.71	Related property rights in procedure
J54finished product warehouse	11,365,905.87	Related property rights in procedure
J55finished product warehouse	10,478,943.02	Related property rights in procedure
J56 finished product warehouse	10,478,943.02	Related property rights in procedure
J09raw material warehouse	6,354,485.42	Related property rights in procedure
J10raw material warehouse	4,910,894.55	Related property rights in procedure
J11raw material warehouse	4,837,841.15	Related property rights in procedure
J08 packing materials warehouse	4,407,803.29	Related property rights in procedure
J17 chemical storage	1,509,106.19	Related property rights in procedure
J15 house of refrigerant forklift	1,478,859.01	Related property rights in procedure
J16 chemical storage	1,217,926.31	Related property rights in procedure

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Item	Book value	Reason of not complete the property certificate
J19 main guard room	361,280.93	Related property rights in procedure
J19A guard room	191,669.11	Related property rights in procedure
J19D guard room	140,873.20	Related property rights in procedure
J19E guard room	140,873.20	Related property rights in procedure
Total	296,912,705.22	

(5) 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	32,293,183.76	Relocation for land reserve

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.

17. Construction in progress

Item	Balance at year-end	Balance at year-begin
Construction in progress	62,914,871.29	66,522,492.77
Total	62,914,871.29	66,522,492.77

(1) Details of construction in progress

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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
Meiling extrusion line relocation and capacity expansion project	11,567,669.03		11,567,669.03	6,938,682.02		6,938,682.02
Industrial Internet Changhong Meiling Promotion Project	7,137,735.85		7,137,735.85	13,041,733.93		13,041,733.93
Multi-door shell molding line	5,166,461.81		5,166,461.81	5,053,126.87		5,053,126.87
Laboratory investment projects	3,842,360.05		3,842,360.05	2,384,325.39		2,384,325.39
Front-end expansion project of Hefei base with an annual output of 10 million refrigerator cabinets	3,361,716.27		3,361,716.27	3,242,813.99		3,242,813.99
Commercial kitchen	3,100,427.30		3,100,427.30	2,627,743.25		2,627,743.25
Large refrigerator j1 line production capacity upgrading project	2,434,540.15		2,434,540.15			
Door lining to homemade phase I project	2,321,860.50		2,321,860.50	2,328,292.80		2,328,292.80
Large refrigerator door hair line efficiency improvement and transformation project	2,235,416.56		2,235,416.56			
Full value data operation and Ling Cloud platform	2,046,226.41		2,046,226.41			
Accident response pool construction	1,966,932.76		1,966,932.76	1,539,361.49		1,539,361.49
Supporting production equipment of washing machine	1,919,823.02		1,919,823.02	1,919,823.02		1,919,823.02
Large refrigerator low boiling point foaming equipment renovation project	1,325,333.39		1,325,333.39	1,652,011.04		1,652,011.04
Enthalpy difference laboratory project	1,266,165.00		1,266,165.00			
Freeze lining structure changed to bottom package side	1,039,571.51		1,039,571.51	2,886,521.55		2,886,521.55
Liquid nitrogen tank production line construction	560,521.11		560,521.11	560,521.11		560,521.11
Efficiency improvement of refrigerator cabinet	107,974.38		107,974.38	182,748.20		182,748.20
Technical transformation project of Zhongshan Changhong	7,547.17		7,547.17	615,619.91		615,619.91
Comprehensive renovation project of mixed flow of rainwater and sewage in freezer park and living area				6,995,545.89		6,995,545.89
Refrigerator park rainwater system rectification project				2,597,950.95		2,597,950.95
Refrigerator park 35 kV substation construction project				1,273,661.54		1,273,661.54
21 years of Manufacturing System Automation Project (Phase I)				186,700.00		186,700.00
Meiling PLM project				237,168.14		237,168.14
Other petty projects	11,506,589.02		11,506,589.02	10,258,141.68		10,258,141.68

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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
Total	62,914,871.29		62,914,871.29	66,522,492.77		66,522,492.77

(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	3,242,813.99	118,902.28			3,361,716.27	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	77%	85%			

18. Right-of-use assets

Item	House and buildings	Total
I.Original book value		
1.Balance at year-begin	58,322,978.95	58,322,978.95
2.Increase in this year	1,534,315.05	1,534,315.05
(1) Rent in	1,534,315.05	1,534,315.05
3. Decrease in this year	11,230,936.28	11,230,936.28
(1) The lease expires	11,230,936.28	11,230,936.28
4.Balance at year-end	48,626,357.72	48,626,357.72
II.Accumulated depreciation		
1.Balance at year-begin	21,676,843.85	21,676,843.85
2. Increase in this year	4,155,504.30	4,155,504.30
(1)Accrual	4,155,504.30	4,155,504.30
3. Decrease in this year	10,142,864.39	10,142,864.39
(1) The lease expires	10,142,864.39	10,142,864.39

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Item	House and buildings	Total
4.Balance at year-end	15,689,483.76	15,689,483.76
III.Impairment provision		
IV.Book value		
1.Ending book value	32,936,873.96	32,936,873.96
2. Opening book value	36,646,135.10	36,646,135.10

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	864,798,616.68	283,292,439.34	637,791,820.51	159,787,652.35	1,945,670,528.88
2.Increase in this year			54,097,658.16	28,102,115.84	82,199,774.00
(1) Internal research			54,097,658.16	28,023,329.87	82,120,988.03
(2) Other				78,785.97	78,785.97
3.Decrease in this year			138,785.97	400,000.00	538,785.97
(1)Other decreases			138,785.97	400,000.00	538,785.97
4.Balance at year-end	864,798,616.68	283,292,439.34	691,750,692.70	187,489,768.19	2,027,331,516.91
II.Accumulated amortization					
1.Balance at year-begin	214,959,291.84	283,292,439.34	449,672,240.15	51,575,018.09	999,498,989.42
2.Increase in this year	9,200,721.89		51,637,960.42	13,991,650.31	74,830,332.62
(1)Accrual	9,200,721.89		51,637,960.42	13,991,650.31	74,830,332.62
3.Decrease in this year				718,583.61	718,583.61
(1)Other decreases				718,583.61	718,583.61
4.Balance at year-end	224,160,013.73	283,292,439.34	501,310,200.57	64,848,084.79	1,073,610,738.43
III.Impairment provision					
1.Balance at year-begin			33,820,367.20	11,783,164.05	45,603,531.25
2.Balance at year-end			33,820,367.20	11,783,164.05	45,603,531.25
IV.Book value					
1.Ending book value	640,638,602.95		156,620,124.93	110,858,519.35	908,117,247.23
2. Opening book value	649,839,324.84		154,299,213.16	96,429,470.21	900,568,008.21

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The intangible assets resulted from internal research takes 4.05% 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 June 2023, 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	16,152,510.89	
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	222,085,682.43	
Land use right	Wan (2019) Property right of Feixi County No.: 0061435/0061445	33,383.10	12,709,009.31	
Land use right	Wan (2019) Property right of Feixi County No.: 0061456/0061447/0061438/0061440/0061452/0061450/0061430/ 0061657	82,850.51	17,524,515.89	
Total		620,903.86	268,471,718.52	

20. Development expense

Item	Opening balance	Increase this period		Decrease this period			Ending balance
		Internal development expenditure	Other	Included in current profits and losses	Confirmed as intangible assets	Other	
Technology development for Air-conditioner	41,761,484.12	35,426,036.60		86,880.59	47,295,715.44		29,804,924.69
Technology development for refrigerator	60,386,906.45	42,578,157.76			34,825,272.59		68,139,791.62
Total	102,148,390.57	78,004,194.36		86,880.59	82,120,988.03		97,944,716.31

21. Goodwill

(1) Original value of goodwill

Invested enterprise	Opening balance	Increase this period		Decrease this period		Ending balance
		Formation from enterprise merger	Other	Formation from enterprise merger	Other	
Hefei Meiling Group Holdings Limited	3,553,367.77					3,553,367.77
Total	3,553,367.77					3,553,367.77

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(2) Impairment loss of goodwill

Invested enterprise	Opening balance	Increase this period		Decrease this period		Ending balance
		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 period-end.

22. Long-term prepaid expenses

Item	Opening balance	Increase this period	Amortization for the period	Other decreases	Ending balance
Long-term prepaid expenses	14,900,600.59	2,747,813.14	1,511,928.68		16,136,485.05
Total	14,900,600.59	2,747,813.14	1,511,928.68		16,136,485.05

23. Deferred tax assets and deferred tax liabilities

(1) Deferred income tax assets without the offset

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deferred income tax assets recognized from assets impairment	255,060,365.11	38,259,054.75	220,654,506.50	33,098,175.98
Deferred income tax assets recognized from accrual liability	32,038,544.31	4,805,781.65	12,624,332.22	1,893,649.84
Deferred income tax assets recognized from Dismission welfare	14,759,193.93	2,213,879.09	9,072,708.08	1,360,906.21
Deferred income tax assets recognized from deferred income	88,454,568.72	13,268,185.30	100,794,535.00	15,119,180.24
Deferred income tax assets recognized from irreparable losses	677,537,739.37	101,630,660.91	684,314,381.95	102,647,157.29
Accrued income tax assets	8,981,546.38	1,736,596.69	8,718,636.16	1,666,526.91
Deferred income tax assets recognized for development expenditure			5,632,939.75	844,940.96
Deferred income tax assets recognized by lease liability	35,872,336.06	4,587,035.47	38,239,898.15	4,935,157.87
Total	1,112,704,293.88	166,501,193.86	1,080,051,937.81	161,565,695.30

(2) Deferred income tax liabilities without the offset

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Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liability	Taxable temporary differences	Deferred income tax liability
Recognized by fixed assets depreciation	34,009,463.42	5,101,419.52	27,362,815.80	4,104,422.37
Recognized by changes in fair value	37,277,115.41	5,591,567.31	57,642,166.20	8,646,324.93
Deferred income tax liabilities recognized by use asset	32,936,873.96	4,297,526.13	36,646,135.08	4,758,755.78
Total	104,223,452.79	14,990,512.96	121,651,117.08	17,509,503.08

(3) Details of unrecognized deferred income tax assets

Item	Ending balance	Opening balance
Deductible temporary difference	185,418,241.82	168,621,827.52
Deductible loss	541,747,042.63	1,068,180,146.62
Total	727,165,284.45	1,236,801,974.14

24. Other non-current assets

Item	Ending balance	Opening balance
Prepaid equipment, engineering, etc.	1,689,040.18	893,238.57
Total	1,689,040.18	893,238.57

25. Short-term loans

(1) Classification of short-term loan

Category	Ending balance	Opening balance
Guaranteed loan	30,000,000.00	55,000,000.00
Loan in credit	851,064,263.12	619,000,000.00
Interest payable	142,863.89	143,916.67
Total	881,207,127.01	674,143,916.67

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

26. Trading financial liability

Item	Balance at year-end	Balance at year-begin
Trading financial liability	113,610,931.43	41,961,524.78
Including: Derivative financial liability	113,610,931.43	41,961,524.78

27. Note payable

Type	Balance at year-end	Balance at year-begin
Bank acceptance	5,492,928,745.28	4,814,889,712.60

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Type	Balance at year-end	Balance at year-begin
Trade acceptance	274,990,797.29	149,484,800.00
Total	5,767,919,542.57	4,964,374,512.60

28. Account payable

(1) Account payable

Item	Amount at year-end	Amount at year-begin
Total	4,898,495,830.71	2,917,997,138.00
Including: Amount aged over 1 year	67,269,129.24	60,523,652.84

(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	355,486,232.62	358,755,397.77
Including: Amount aged over 1 year	52,336,364.63	29,823,819.05

30. Wages payable

(1) Category

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
Short-term compensation	323,031,068.96	927,323,947.64	888,046,345.49	362,308,671.11
After-service welfare-defined contribution plans	20,496,424.32	62,544,169.59	81,261,440.91	1,779,153.00
Dismiss welfare	4,627,421.85	2,707,330.28	3,648,008.66	3,686,743.47
Total	348,154,915.13	992,575,447.51	972,955,795.06	367,774,567.58

(2) Short-term compensation

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
Wages, bonuses, allowances and subsidies	311,848,079.07	845,449,873.90	805,163,354.58	352,134,598.39
Welfare for workers and staff	402,556.82	22,718,448.56	22,912,965.59	208,039.79
Social insurance	5,220,685.85	26,491,775.53	27,834,413.86	3,878,047.52
Including: Medical insurance	4,811,752.39	24,351,636.14	25,395,168.34	3,768,220.19
Work injury insurance	325,176.62	1,833,894.29	2,133,000.42	26,070.49
Maternity insurance	83,756.84	306,245.10	306,245.10	83,756.84

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Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
Housing accumulation fund	5,115,350.86	30,892,298.64	30,627,966.16	5,379,683.34
Labor union expenditure and personnel education expense	444,396.36	1,771,551.01	1,507,645.30	708,302.07
Total	323,031,068.96	927,323,947.64	888,046,345.49	362,308,671.11

(3) Defined contribution plans

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
Basic endowment insurance	18,215,805.28	60,472,648.91	78,129,106.10	559,348.09
Unemployment insurance	2,280,619.04	2,071,520.68	3,132,334.81	1,219,804.91
Total	20,496,424.32	62,544,169.59	81,261,440.91	1,779,153.00

31. Tax payable

Item	Balance at year-end	Balance at year-begin
Value-added tax	72,798,122.88	30,277,729.74
Enterprise income tax	3,726,139.68	1,822,555.65
Individual income tax	2,130,253.92	4,799,031.61
Urban maintenance and construction tax	12,821,215.91	9,544,272.36
Real estate tax	3,875,148.80	3,658,985.41
Land use tax	1,430,562.33	1,431,191.08
Educational surtax	9,259,480.50	6,850,511.36
Stamp tax	5,228,108.39	3,654,400.08
Construction fund of Water Conservancy Projects	645,330.26	668,948.01
Treatment fund for abandon electrics & electronics	26,819,774.00	17,508,786.00
Other	194,116.83	71,467.32
Total	138,928,253.50	80,287,878.62

32. Other account payable

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Item	Balance at year-end	Balance at year-begin
Dividend payable	32,049,708.69	4,978,994.16
Other account payable	1,009,254,426.87	823,228,574.05
Total	1,041,304,135.56	828,207,568.21

32.1 Dividend payable

Item	Balance at year-end	Balance at year-begin
Sichuan Changhong Electric Co., Ltd.	22,361,195.16	
Hefei Industry Investment Holding (Group) Co., Ltd.	4,304,106.09	
China Life Insurance (Group) Company	288,404.82	288,404.82
The People's Insurance Company (Group) of China Limited	432,607.23	432,607.23
BOC- Fullgoal Tianyi Securities Investment Fund	153,697.50	153,697.50
Hefei Branch of Bank of China	446,576.60	391,245.50
Hefei collective industry association	446,575.90	391,244.89
Entrust Investment Wuhu of Provincial ABC	357,261.30	312,996.42
Other units	3,259,284.09	3,008,797.80
Total	32,049,708.69	4,978,994.16

31.2 Other account payable

(1) Other account payable by nature

Nature	Ending balance	Opening balance
1. Accrued expenses (expenses occurred without reimbursed)	478,420,630.84	344,028,624.89
2. Receivables received temporary and deducted temporary	12,146,256.54	13,166,091.61
3. Deposit, margin	169,269,731.58	174,331,550.53
4. Not the come-and-go with related parties in statement scope	335,210,024.79	278,716,366.01
5. Other	14,207,783.12	12,985,941.01
Total	1,009,254,426.87	823,228,574.05

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

33. Non-current liability due within one year

Item	Ending balance	Opening balance
Long-term loan principal and interest due within one year	30,166,708.61	20,211,488.89
Lease liabilities due within one year	10,532,449.51	10,075,610.19

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Item	Ending balance	Opening balance
Total	40,699,158.12	30,287,099.08

34. Other current liabilities

Item	Ending balance	Opening balance
Pending sales tax	25,480,359.50	21,970,126.59
Factoring fees payable	358,105.78	635,142.92
Total	25,838,465.28	22,605,269.51

35. Long term borrowings

(1) Category of long term borrowings

Category	Ending balance	Amount at year-begin
Loan in mortgage	128,000,000.00	148,000,000.00
Total	128,000,000.00	148,000,000.00

(2) Long-term borrowings at period-end

Loan from	Borrowing day	Returning day	Foreign currency	Interest rate	Ending balance (RMB)	Opening balance (RMB)
EIBC (Export-Import Bank) Anhui Province Branch ^{Note 1}	2020/3/26	2026/11/25	RMB	4.105%	98,000,000.00	98,000,000.00
EIBC (Export-Import Bank) Anhui Province Branch ^{Note 2}	2019/12/23	2026/11/25	RMB	4.105%	30,000,000.00	50,000,000.00
Total					128,000,000.00	148,000,000.00

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. 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

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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 40,000,000.00 yuan. It plans to repay 10,000,000.00 yuan on December 25, 2023 and repay 20,000,000.00 yuan on June 25, 2024, a total of 30,000,000.00 yuan has been reclassified to non-current liabilities due within one year. The balance at the end of the year is RMB 30,000,000.00.

36. Lease liability

Item	Balance at year-end	Balance at year-begin
Lease liability	25,339,886.55	28,164,287.97
Total	25,339,886.55	28,164,287.97

37. Long-term payable

Item	Balance at year-end	Balance at year-begin
Special payable	1,049,108.10	1,145,286.48
Total	1,049,108.10	1,145,286.48

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	1,145,286.48		96,178.38	1,049,108.10	Technology plan project in Zhongshan City

38. Long-term wage payable

Item	Balance at year-end	Balance at year-begin
Dismissal welfare	12,164,985.18	10,790,859.64
Total	12,164,985.18	10,790,859.64

According to the internal early retirement policy, the long-term payable dismissal welfare bears by the Company up to year-end amounting to 12,164,985.18yuan

39. Accrual liability

Item	Balance at year-end	Balance at year-begin	Reason
Product quality guarantee ^{note1}	30,318,009.89	30,965,097.36	Guarantee of product
Litigation matters ^{note2}	1,720,534.42	1,720,534.42	
Total	32,038,544.31	32,685,631.78	

Note 1: Product quality deposit is the maintenance expense provided by the Company under the national policy.

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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". Currently, quality of the subject under the contract is being authenticated by a third party engineering quality appraisal agency, the initial start-up operation test is now completed. Zhongke Meiling intends to maintain the cold storage project, and the estimated maintenance cost is 1,720,534.42 yuan.

40. Deferred income

(1) Classification of deferred income

Item	Opening balance	Increase this period	Decrease this period	Ending balance	Reason
Government subsidies---subsidies of development project	127,493,219.76	1,117,000.00	14,405,014.01	114,205,205.75	
Government subsidies---subsidies of Relocation	33,520,692.15	-	1,291,710.66	32,228,981.49	
Total	161,013,911.91	1,117,000.00	15,696,724.67	146,434,187.24	

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(2) Government subsidy

Item	Opening balance	New subsidy in Current Period	Amount reckoned into other income in Current Period	Other changes	Ending balance	Assets related/Income related
Demolition compensation of Changhong Meiling	33,520,692.15		1,291,710.66		32,228,981.49	Assets related
Demonstration factory construction for the intelligent manufacturing of intelligent air-conditioner	35,088,607.61		3,759,493.68		31,329,113.93	Assets related
District-level subsidy funds for advanced manufacturing policies in the first half of 2022	10,339,500.00		689,300.00		9,650,200.00	Assets related
Key chip and module for transducer used and detection capacity building	6,966,666.65		760,000.02		6,206,666.63	Assets related
Centre for external cooperation of the environmental protection	6,655,859.14		515,754.53		6,140,104.61	Assets related
Changhong Air Conditioner- relocation of production base and upgrading & expansion	5,351,111.04		573,333.36		4,777,777.68	Assets related
District-level subsidy funds for advanced manufacturing policies in the first half of 2021	5,116,200.00		393,553.84		4,722,646.16	Assets related
Subsidy for industrial development policy from Hefei for first half of 2018	5,294,000.00		625,000.00		4,669,000.00	Assets related
Municipal award and subsidy for the advanced manufacturing policy in first half of 2020	5,056,094.11		421,341.18		4,634,752.93	Assets related
Special fund, government subsidy CZ059001	4,200,000.00				4,200,000.00	Assets related
Adaptability improvement on new coolants production	4,729,963.29		1,182,490.86		3,547,472.43	Assets related
20-year subsidy for advancing technological transformation projects	3,572,833.34		267,962.50		3,304,870.84	Assets related
Subsidy for industrial development policy from Hefei for second half of 2019	3,577,100.00		447,137.50		3,129,962.50	Assets related
2021 manufacturing strong provincial policy subsidy funds	2,794,285.71		214,945.06		2,579,340.65	Assets related
Subsidy for industrial development policy from Hefei for first half of 2020	2,571,383.33		217,300.00		2,354,083.33	Assets related
Policy funds for manufacturing a strong province, subsidy for equipment for the technological transformation of industrial strong base	2,500,000.00		312,500.00		2,187,500.00	Assets related

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Item	Opening balance	New subsidy in Current Period	Amount reckoned into other income in Current Period	Other changes	Ending balance	Assets related/Income related
20 supporting funds to support the innovation and development of artificial intelligence industry	2,228,571.42		171,428.58		2,057,142.84	Assets related
Government subsidy for new plant construction - industrialization of cryogenic refrigeration equipment	2,291,666.67		250,000.00		2,041,666.67	Assets related
2020 fund allocation for Anhui Province's triple innovation project	2,044,791.67		162,500.00		1,882,291.67	Assets related
Subsidies for intelligent transformation & upgrading of enterprises from the new industrialization policy in economic development zone	2,069,389.58		302,837.50		1,766,552.08	Assets related
21 District-level high-quality development policy (the second batch) award and subsidy funds	1,791,700.00		130,644.80		1,661,055.20	Assets related
Special funds for strategic emerging industry and high-end growth industry	1,482,758.72		206,896.50		1,275,862.22	Assets related
Research and application of the MCU chip for inverter control	1,150,000.00		143,750.00		1,006,250.00	Assets related
Upgrading technology transformation of AC production line	1,135,088.84		172,750.29		962,338.55	Assets related
Equipment subsidy for the industrial base technical renovation from Economic and Information Commission	1,077,083.33		117,500.00		959,583.33	Assets related
FREQUENCY VOLUME INTEGRATED INTELLIGENT AIR-CONDITIONER)	1,644,186.08		704,651.16		939,534.92	Assets related
Upgrade project for the production line of Mianyang Meiling Intelligent Refrigerator	921,666.80		98,749.98		822,916.82	Assets related
Subsidy for equipment purchasing for Hefei Tech. Improvement project in 2017	821,150.00		89,580.00		731,570.00	Assets related
Subsidy from Zhongshan Finance Bureau (CZ028001 provincial special project 2019)	786,413.72		150,951.43		635,462.29	Assets related
22 years of digital network intelligent upgrading project		517,000.00			517,000.00	Assets related
Emerging Industry Base Fund Support Item	536,907.21		38,350.52		498,556.69	Assets related
Industrialization of intelligent white household appliances software platform and typical application research and development	848,484.88		363,636.36		484,848.52	Assets related
Special fund for technical improvement	536,326.62		99,810.02		436,516.60	Assets related

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Item	Opening balance	New subsidy in Current Period	Amount reckoned into other income in Current Period	Other changes	Ending balance	Assets related/Income related
Subsidy for purchase of R & D instruments and equipment	517,880.16		91,056.26		426,823.90	Assets related
Robot policy-rewards for purchasing robots	414,906.26		35,062.50		379,843.76	Assets related
Promotion of the energy-saving room air conditioner	438,144.45		105,154.62		332,989.83	Assets related
Technical transformation of refrigerator evaporator workshop	372,008.71		44,829.02		327,179.69	Assets related
Manufacturing industry digital network project subsidies		600,000.00	327,285.42		272,714.58	Assets related
2018 Zhongshan Special fund for industrial development	214,658.38		38,996.16		175,662.22	Assets related
Technical transformation subsidy	145,658.37		15,890.00		129,768.37	Assets related
Subsidy of advanced manufacturing policy for second half of 2021	51,152.07		3,568.76		47,583.31	Assets related
Promoting the new industry (annual output of 0.6 million medium& large volume environmental protection and energy saving freezer)	152,206.17		152,206.17			Assets related
Subsidy for the development on production line technical reform for green-friendly high-quality metal pipe	6,815.43		6,815.43			Assets related
Total	161,013,911.91	1,117,000.00	15,696,724.67		146,434,187.24	

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41. Share capital

Item	Opening balance	Change during the period (+, -)					Ending balance
		New shares issued	Bonus share	Shares transferred from capital reserve	Other	Subtotal	
Total shares	1,029,923,715.00						1,029,923,715.00

42. Capital reserve

Item	Opening balance	Increase this period	Decrease this period	Ending balance
Share premium	2,758,450,812.90			2,758,450,812.90
Other capital reserve	48,043,091.40			48,043,091.40
Total	2,806,493,904.30			2,806,493,904.30

43. Other comprehensive income

Item	Opening balance	Current Period					Ending balance
		Account before income tax in Current Period	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less : Income tax expenses	Belong to parent company after tax	Belong to minority shareholders after tax	
Other comprehensive income re-divided into gains/losses							
Conversion difference arising from foreign currency financial statement	-20,881,462.63	2,267,837.82			2,021,916.55	245,921.27	-18,859,546.08
Total	-20,881,462.63	2,267,837.82			2,021,916.55	245,921.27	-18,859,546.08

44. Capital reserve

Item	Opening balance	Increase this period	Decrease this period	Ending balance
Statutory surplus reserve	2,467,205.78	15,558,156.14	5,909,555.31	12,115,806.61
Total	2,467,205.78	15,558,156.14	5,909,555.31	12,115,806.61

45. Surplus reserves

Item	Amount at year-begin	Increase this year	Decrease this year	Amount at year-end
Statutory surplus reserve	325,610,989.32			325,610,989.32
Discretionary surplus reserve	115,607,702.16			115,607,702.16

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Item	Amount at year-begin	Increase this year	Decrease this year	Amount at year-end
Total	441,218,691.48			441,218,691.48

46. Retained profit

Item	Current Year	Last Year
Prior year-end balance	909,082,037.66	734,129,724.00
Adjustment from undistributed profit at year-begin	167,328.13	
Balance at year-begin	909,249,365.79	734,129,724.00
Add: net profit attributable to shareholders of parent company for this year	358,054,844.74	244,538,734.49
Less: withdraw of statutory surplus reserve		18,090,235.08
withdraw of discretionary surplus reserve		
Withdraw of general risk provision		
Dividend payable for ordinary shares	92,693,134.35	51,496,185.75
Dividend of ordinary shares transferred to share capital		
Balance at year-end	1,174,611,076.18	909,082,037.66

47. Operation income and operation cost

(1) Operation income and operation cost

Item	Current Year		Last Year	
	Income	Cost	Income	Cost
Main business	12,734,698,313.84	11,126,041,806.09	10,138,489,064.28	9,027,583,283.96
Other business	93,996,009.73	52,872,269.74	86,014,486.91	33,497,247.10
Total	12,828,694,323.57	11,178,914,075.83	10,224,503,551.19	9,061,080,531.06

(2) Main business classified according to product

Product	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator, freezer	4,224,670,444.64	3,452,620,652.77	3,557,279,193.80	3,052,742,990.21
Air-conditioner	6,997,497,159.24	6,383,899,125.62	5,350,650,174.76	4,907,155,572.46
Washing machine	557,352,305.32	458,999,445.42	393,315,713.02	330,678,793.62
Small household appliances and kitchen and bathroom	852,703,435.92	746,076,815.25	727,498,495.75	642,738,038.67
Other	102,474,968.72	84,445,767.03	109,745,486.95	94,267,889.00
Total	12,734,698,313.84	11,126,041,806.09	10,138,489,064.28	9,027,583,283.96

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(3) Main business classified according to sales region

Region	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	8,842,681,381.11	7,682,608,633.44	7,475,522,523.09	6,574,576,772.52
Overseas	3,892,016,932.73	3,443,433,172.65	2,662,966,541.19	2,453,006,511.44
Total	12,734,698,313.84	11,126,041,806.09	10,138,489,064.28	9,027,583,283.96

(4) At end of the Period, the amount of revenue corresponding to performance obligations that have been contracted for but not yet fulfill or not yet fulfilled was 197,126,467.81 yuan, of which, 106,519,063.69 yuan is expected to recognized as revenue in 2023, 79,438,448.37 yuan is expected to recognized as revenue in 2024 and 11,168,955.75 yuan is expected to recognized as revenue in 2025.

(5) Top five clients have income in sales of 7,606,038,977.43 yuan in total, a 59.29% in total operation income.

48. Business tax and extra charges

Item	Current Period	Last Period
Treatment fund for abandon electrics & electronics	45,585,295.00	34,053,294.00
City construction tax	13,473,561.59	11,595,547.22
Extra charge for education and local education surcharge	10,374,633.25	8,453,214.37
Real estate tax	10,697,322.79	10,082,904.39
Stamp duty	10,239,001.40	7,967,068.56
Land use tax	3,870,702.26	3,745,329.40
Water fund	3,778,106.41	3,799,503.15
Other	7,143.92	4,583.20
Total	98,025,766.62	79,701,444.29

49. Sales expense

Item	Current Period	Last Period
Salary, extra charges and labor service expenses	327,557,081.46	276,149,382.91
Market support expenses	140,461,155.25	141,739,223.51
Shipping and Installation expense	86,493,787.07	60,200,021.37
National three guarantees expense	81,830,891.01	87,232,488.89
Storage lease expenses	45,248,950.36	41,176,101.46
Travelling expenses	27,620,363.01	7,399,226.17
Insurance	11,544,975.60	2,678,788.57
Business activity expenses	8,433,498.60	7,058,303.94
Vehicle expenses	6,329,264.05	6,683,479.81

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Item	Current Period	Last Period
Depreciation expenses	4,023,917.38	3,923,388.83
House-lease expenses	1,711,742.10	1,546,666.83
Advertising expenses	601,625.16	1,933,500.47
Other expenses	44,636,008.27	28,345,737.22
Total	786,493,259.32	666,066,309.98

50. Administration expense

Item	Current Year	Last Year
Salary and social insurance etc.	119,736,522.57	103,835,407.55
Depreciation	11,309,060.92	11,251,858.42
Amortized intangible assets	9,135,614.87	9,079,708.19
Business activities fee	3,157,527.78	2,119,039.65
Water and electricity fee	2,425,289.58	2,245,082.21
Property insurance	1,875,442.73	1,759,716.41
Domestic travelling fee	1,841,650.97	1,270,723.15
Office fee	627,214.85	709,951.38
Other expenses	32,854,541.33	31,860,655.01
Total	182,962,865.60	164,132,141.97

51. R&D expenses

Item	Current Year	Last Year
Salary and social insurance etc.	116,235,127.25	106,201,825.59
Amortized intangible assets	63,618,830.74	63,948,921.59
Trial fee of R&D	36,151,513.46	29,904,070.97
Cost of mould	13,061,216.32	15,297,848.50
Depreciation	10,012,109.72	8,315,504.26
Inspection and authentication fee	8,613,510.99	8,120,934.36
Water and electricity fee	5,616,418.28	5,776,873.50
Software royalty	1,212,469.15	1,166,276.97
Other expenses	10,655,002.02	9,380,518.80
Total	265,176,197.93	248,112,774.54

52. Financial expenses

Item	Current Year	Last Year
Interest expenditure	13,185,503.15	16,913,382.96
Less: Interest income	83,240,562.07	66,581,155.37
Add: exchange loss	-35,883,923.32	-9,470,041.33

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Item	Current Year	Last Year
Procedure charge expenditure	7,339,147.69	6,582,921.01
Discount expenditure	-17,235,858.76	-11,270,142.69
Interest expense on lease liability	821,767.04	1,038,707.46
Total	-115,013,926.27	-62,786,327.96

53. Other income

Item	Current Period	Last Period
Salary, extra charges and labor service expenses	4,165,995.12	6,981,697.33
Multi-level capital market capital reward	4,000,000.00	
Demonstration factory construction for the intelligent manufacturing of intelligent air-conditioner	3,759,493.68	3,759,493.66
Award funds for supporting the development of China Sound Valley	3,255,000.00	4,385,000.00
Demolition compensation of Changhong Meiling	1,291,710.66	1,291,710.56
Adaptability improvement on new coolants production	1,182,490.86	1,182,490.86
Key chips, modules and testing capacity building projects for inverters	760,000.02	
VISA (Variable Frequency Integrated Smart Air Conditioning System) research and application	704,651.16	704,651.16
District-level subsidy funds for advanced manufacturing policies in the first half of 2022	689,300.00	
Personal tax handing fee refund	648,855.83	597,590.71
Subsidy for industrial development policy from Hefei for first half of 2018	625,000.00	625,000.00
High-tech enterprise awards	600,000.00	
Changhong Air Conditioner- relocation of production base and upgrading & expansion	573,333.36	573,333.33
Centre for external cooperation of the environmental protection	515,754.53	515,754.53
Subsidy for industrial development policy from Hefei for second half of 2019	447,137.50	447,137.50
Municipal award and subsidy for the advanced manufacturing policy in first half of 2020	421,341.18	373,062.50
District-level subsidy funds for advanced manufacturing policies in the first half of 2021	393,553.84	373,056.26
Industrialization of intelligent white household appliances software platform and typical application research and development	363,636.36	363,636.36
Manufacturing industry digital network project subsidy	327,285.42	
Manufacturing strong province policy funds, industrial strong base technical transformation equipment subsidies	312,500.00	312,500.00
Subsidies for intelligent transformation & upgrading of enterprises from the new industrialization policy in economic development zone	302,837.50	302,837.50
2020 subsidy for advancing technological transformation projects	267,962.50	267,962.50
Government subsidy for new plant construction - industrialization of cryogenic refrigeration equipment	250,000.00	250,000.00
Subsidy for industrial development policy from Hefei for first half of 2020	217,300.00	217,300.00
Stable post subsidies	216,067.21	2,266,011.87
Provincial policy subsidy funds for strong manufacturing province of 2021	214,945.06	203,750.00

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Item	Current Period	Last Period
Special funds for strategic emerging industry and high-end growth industry	206,896.50	206,896.55
Air conditioning production line upgrade technical transformation project	172,750.29	113,903.75
2020 supporting funds to support the innovation and development of artificial intelligence industry	171,428.58	162,500.00
2020 fund allocation for Anhui Province's triple innovation project	162,500.00	162,500.00
Promoting the new industry (annual output of 0.6 million medium& large volume environmental protection and energy saving freezer)	152,206.17	152,206.26
Subsidy from Zhongshan Finance Bureau (CZ028001 provincial special project 2019)	150,951.43	152,823.25
R&D and application of frequency conversion control MCU chips	143,750.00	
21 District-level high-quality development policy (the second batch) award and subsidy funds	130,644.80	
Equipment subsidies for industrial strong base technology transformation projects by the Economic and Information Commission	117,500.00	117,500.00
Energy-saving room air conditioner promotion project	105,154.62	105,154.62
21 years of high-quality policy industrial Internet project award and subsidy		4,663,100.00
22 Provincial foreign trade funds (key and brand markets, enterprise market development)		2,500,000.00
Supporting the industrial internet construction and scene application		2,000,000.00
Promotion of insurance		1,819,544.22
Dispersed to collected for tablet in Nanjing Port		1,165,095.00
2022 Provincial industrial development special funds		1,000,000.00
Support the lineage development of enterprises in the region		716,000.00
2021 Anhui Science & technology support funds for major special projects		500,000.00
2021 advanced manufacturing development policy		500,000.00
Award of innovation for the new third board		500,000.00
Demolition compensation of Jiangxi Meiling		404,839.96
Other petty projects	4,308,322.48	5,389,351.57
Total	32,328,256.66	48,325,391.81

54. Investment income

Item	Current Period	Last Period
Long-term equity investment income by equity method	12,544,969.44	8,971,315.55
Investment income obtained from disposal of Trading financial assets	-7,608,161.73	7,825,971.39
Investment income of other non-current financial assets during holding period	11,409,029.33	1,784,208.22
Income from financial products	4,821,923.13	76,200.80
The termination of income recognition for financial assets measured by amortized cost	-14,192,040.21	-10,198,142.54
Interest income from debt investment during the holding period	7,402,220.09	5,356,708.33
Total	14,377,940.05	13,816,261.75

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55. Changes in fair value gains

Item	Current Period	Last Period
Trading financial assets	15,221,223.22	30,187,709.04
Including :Income of fair value changes from derivative financial instruments	14,587,494.15	29,478,307.89
Interest accrual for wealth management products	633,729.07	709,401.15
Trading financial liability	-71,649,406.65	-26,624,972.00
Including: Income of fair value changes from derivative financial instruments	-71,649,406.65	-26,624,972.00
Total	-56,428,183.43	3,562,737.04

56. Credit impairment loss

Item	Current Period	Last Period
Account receivable bad debt loss	-42,428,408.08	-50,863,838.62
Other account receivable bad debt loss	1,346,818.25	397,219.49
Total	-41,081,589.83	-50,466,619.13

57. Assets impairment loss

Item	Current Period	Last Period
Loss on inventory valuation	-16,752,702.16	-28,983,106.69
Impairment loss on contractual assets	-1,414,633.73	-808,716.15
Total	-18,167,335.89	-29,791,822.84

58. Asset disposal income

Item	Current Period	Last Period	Amount reckoned into non-recurring gains/losses in Current Period
Income from disposal of non current assets		8,358,775.10	
Among them: income from disposal of non current assets held for sale			
Income from disposal of non current assets not classified as held for sale		8,358,775.10	
Including: Income from disposal of fixed assets		4,141,767.54	
Income from disposal of intangible assets		4,217,007.56	
Total		8,358,775.10	

59. Non-operation revenue

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Item	Current Period	Last Period	Amount reckoned into non-recurring gains/losses in Current Period
Income of penalty	4,888,567.59	567,772.74	4,888,567.59
Profit from disposal of non-current assets	36,750.89	321,759.27	36,750.89
Other	5,778,701.32	2,021,355.78	5,778,701.32
Total	10,704,019.80	2,910,887.79	10,704,019.80

60. Non-operating expenditure

Item	Current Period	Last Period	Amount reckoned into non-recurring gains/losses in Current Period
Non-current asset retirement losses	2,758,202.88	1,142,293.89	2,758,202.88
Penalty and late fee	16,581.94	2,264.75	16,581.94
Other	240,014.40	1,188,402.19	240,014.40
Total	3,014,799.22	2,332,960.83	3,014,799.22

61. Income tax expenses

Item	Current Period	Last Period
Current income tax	8,379,498.72	16,329,432.39
Deferred Income Tax	-7,454,488.68	-26,445,005.85
Total	925,010.04	-10,115,573.46

62. Other comprehensive income

Found more in 43. Other comprehensive income in VI

63. Items of cash flow statement

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

1) Cash received from other activities relating to operation

Item	Current Period	Last Period
Cash deposit, deposit	24,366,520.52	19,397,785.91
Government subsidy and rewards	13,652,143.10	31,397,968.22
Rental income	2,985,657.33	3,346,435.18
Compensations	1,718,745.99	1,724,086.13
Petty cash collection	140,806.43	62,136.33
Collection of restriction fund		14,531,658.71

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Item	Current Period	Last Period
Other	3,021,399.10	2,347,265.99
Total	45,885,272.47	72,807,336.47

2) Cash paid for other activities relating to operation

Item	Current Period	Last Period
Market expenses	79,956,267.39	82,409,839.91
Rental fee	57,695,362.23	52,784,034.29
Petty cash, deposit, Cash deposit	36,861,764.06	22,367,764.50
Travel expenses, meeting fees and exhibition fees	20,534,988.95	13,095,827.32
Inspection and certification fee, certification charge and reviewing fee	18,485,143.97	14,909,635.84
Service support fee	14,138,646.01	15,879,324.80
Transportation and vehicle costs	13,537,381.24	7,774,128.45
Business activity fee	13,330,172.38	10,637,980.89
Technological cooperation costs and consulting charge	10,091,050.83	13,589,880.67
Repair fee	8,093,631.17	13,247,556.80
Handling fee	5,048,350.85	5,441,203.36
Labor fee	3,896,600.30	1,277,408.41
Advertising fee	3,821,240.00	4,240,519.54
Office expenses	3,729,327.85	3,180,729.46
Communication costs	876,307.59	1,061,789.96
Board expenses	258,739.56	277,495.67
Convert to restricted funds		85,623,704.49
Other expenses	55,255,105.13	43,501,646.82
Total	345,610,079.51	391,300,471.18

3) Cash received from other activities relating to investment

Item	Current Period	Last Period
Interest income arising from bank savings	81,700,559.42	64,456,820.07
Income of forward exchange settlement	1,303,892.65	8,021.82
Cash deposit	956,132.70	1,182,376.24
Total	83,960,584.77	65,647,218.13

4) Cash paid for other activities relating to investment

Item	Current Period	Last Period
Loses of forward exchange settlement	13,791,587.29	7,635,033.86
Refund the bid security of the engineering project	500,000.00	
Total	14,291,587.29	7,635,033.86

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5) Cash received from other activities relating to financing

Item	Current Period	Last Period
Collection of restriction fund	220,652,668.19	
Meiling series (internal) bill discounting fundraising	26,054,470.31	84,181.37
Total	246,707,138.50	84,181.37

6) Cash paid for other activities relating to financing

Item	Current Period	Last Period
Convert to restricted funds	134,086,488.59	420,619,026.50
Meiling series (internal) bill discounting fundraising	23,536,567.33	2,341,617.17
Lease liability principal and interest	2,353,526.71	7,095,354.40
Handling charge of dividend	65,600.34	36,509.97
Payment for B share repurchase		737,262.35
Financing lease		175,323.88
Intermediary service fee		1,345,000.00
Total	160,042,182.97	432,350,094.27

(2) Supplementary of the consolidated cash flow statement

Item	Current amount	Previous period amount
1. Net profit is adjusted to cash flow of operation activities:		
Net profit	369,929,382.64	72,694,901.46
Add: provision for depreciation of assets	39,369,845.61	60,861,695.16
Depreciation of fixed assets, consumption of oil gas assets and depreciation of productive biological assets	112,075,611.84	112,530,324.02
Amortization of intangible assets	74,830,332.62	74,908,844.79
Depreciation of right-of-use assets	4,155,504.30	6,170,422.64
Amortization of long-term retained expense	1,235,884.46	19,080.92
Loss from disposal of fixed assets, intangible assets and other long term assets (gain is listed with "-")		-8,358,775.10
Loss from discarding fixed assets as useless (gain is listed with "-")	2,721,451.99	-820,534.62
Loss from change of fair value (gain is listed with "-")	56,428,183.43	-3,562,737.04
Financial expense (gain is listed with "-")	-105,938,982.24	-59,137,813.74
Investment loss (gain is listed with "-")	-14,377,940.05	-13,816,261.75
Decrease of deferred income tax assets (increase is listed with "-")	-4,935,498.56	-25,663,712.30
Increase of deferred income tax liabilities (decrease is listed with "-")	-2,518,990.12	-781,293.55
Decrease of inventories (increase is listed with "-")	-590,146,519.04	-262,649,097.49
Decrease of operational accounts receivable (increase is listed with "-")	-1,555,010,894.69	-410,183,298.77
Increase of operational accounts receivable (decrease is listed with "-")	3,022,702,437.62	1,103,933,518.50

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Item	Current amount	Previous period amount
Other		-71,092,045.78
Net cash flow arising from operation activities	1,410,519,809.81	575,053,217.35
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	7,245,577,241.32	5,237,646,245.54
Less: Opening balance of cash	6,113,222,069.76	5,840,194,931.57
Add: Balance at period-end of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	1,132,355,171.56	-602,548,686.03

(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	Current Period	Last Period
Cash	7,245,577,241.32	6,113,222,069.76
Including: cash in stock	35,553.71	21,243.42
Bank deposits available for payment at any time.	7,245,487,226.37	6,113,166,932.47
Other monetary fund available for payment at any time	54,461.24	33,893.87
Cash equivalents		
Including: bond investment due within 3 months		
Balance of cash and cash equivalents at period-end	7,245,577,241.32	6,113,222,069.76
Including: using the restricted cash and cash equivalents of the parent company or subsidiary of the group		

64. Assets with ownership or the right to use restricted

Item	Book value at period-end	Reasons
Monetary fund	632,210,953.32	Margin, Fixed Deposit, Frozen Funds
Receivables financing ^{note 1}	444,382,921.22	Pledged
Investment real estate ^{note 2}	3,187,831.55	Mortgage
Fixed assets ^{note 2}	327,828,701.10	Mortgage
Intangible assets ^{note 2}	268,471,718.52	Mortgage
Total	1,676,082,125.71	

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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.

65. Foreign currency

(1) Foreign currency

Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
Monetary fund			168,929,106.19
Including: USD	4,780,088.89	7.2258	34,539,966.30
Euro	7,892,305.66	7.8771	62,168,480.91
GBP	1,062.07	9.1432	9,710.72
AUD	8,639,694.65	4.7992	41,463,622.56
HKD	3,298.06	0.9220	3,040.81
Pakistan Ruppi	917,605,931.39	0.0252	23,123,669.47
IDR	11,708,623,592.40	0.000483	5,655,265.20
PHP	14,500,815.74	0.1303	1,889,456.29
KRW	13,811,452.23	0.005495	75,893.93
Account receivable			1,263,350,903.51
Including: USD	150,034,843.91	7.2258	1,084,121,775.12
Euro	7,401,823.08	7.8771	58,304,900.58
GBP	453,936.78	9.1432	4,150,434.77
AUD	10,637,854.25	4.7992	51,053,190.12
KRW	3,359,631,340.00	0.005495	18,461,174.21
Pakistan Ruppi	468,374,237.54	0.0252	11,803,030.79
IDR	69,882,620,637.81	0.000483	33,753,305.77
PHP	13,070,546.07	0.1303	1,703,092.15
Other account receivable			1,959,571.87
Including: USD	143,670.83	7.2258	1,038,136.68
Pakistan Ruppi	5,796,393.39	0.0252	146,069.11
IDR	1,427,128,226.00	0.000483	689,302.93
PHP	660,500.00	0.1303	86,063.15
Account payable			49,230,856.69
Including: USD	132,118.93	7.2258	954,664.96
Euro	13,419.32	7.8771	105,705.33
Pakistan Ruppi	828,101,628.02	0.0252	20,868,161.03

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Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
IDR	45,205,388,984.00	0.000483	21,834,202.88
PHP	41,965,636.91	0.1303	5,468,122.49
Other account payable			9,168,564.96
Including: USD	7,528.00	7.2258	54,395.82
Pakistan Ruppi	307,952,031.04	0.0252	7,760,391.18
IDR	2,263,910,878.00	0.000483	1,093,468.95
PHP	1,997,766.79	0.1303	260,309.01

(2) Foreign operational entity

The foreign operational entity of the Company was Changhong Ruba Trading Company (Private) Limited, mainly operates in Lahore, Pakistan; Recording currency is Pakistan Ruppi. CHANGHONG MEILING ELECTRIC INDONESIA, PT, mainly operates in Jakarta; recording currency is IDR. CH-Meiling International (Philippines) Inc, mainly operates in Philippines; Recording currency is PHP.

66. 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:

Item	Book value of the hedging instrument on 30 June 2023	Item of balance sheet with hedging instrument
Fair value hedges		
Exchange rate risk-forward foreign exchange contracts and definite commitments not yet confirmed, etc.	72,248,082.82	Trading financial assets
Exchange rate risk-forward foreign exchange contracts and definite commitments not yet confirmed, etc.	113,610,931.43	Tradable financial liabilities

67. Government subsidy

Item	Amount	Item	Amount reckoned into current gain/loss
VAT refund on software products	4,165,995.12	Other income	4,165,995.12
Multi-level capital market capital reward	4,000,000.00	Other income	4,000,000.00

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Item	Amount	Item	Amount reckoned into current gain/loss
Award funds for supporting the development of China Sound Valley	3,255,000.00	Other income	3,255,000.00
Refund of individual tax handling fee	648,855.83	Other income	648,855.83
High-tech Enterprise Award	600,000.00	Other income	600,000.00
Stable job subsidies	216,067.21	Other income	216,067.21
22 years of digital network intelligent upgrading project	517,000.00	Deferred income	
Manufacturing industry digital network project subsidies	600,000.00	Deferred income	327,285.42
Other petty projects	3,745,613.83	Other income	3,745,613.83
Total	17,748,531.99		16,958,817.41

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: nil
6. Subsidiary newly established: nil
7. Subsidiary merger by absorption: nil

VIII. Equity in other entity

1. Equity in subsidiary

(1) Composition of the enterprise group

Subsidiary	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
				Directly	Indirectly	
Zhongke Meiling Cryogenic Technology Co., Ltd.1)	Hefei	Hefei	Manufacturing and sales	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

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Subsidiary	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
				Directly	Indirectly	
Jiangxi Meiling Electric Appliance Co., Ltd. 4)	Jingdezhen	Jingdezhen	Manufacturing and sales	98.75	1.25	Investment establishment
Hefei Meiling Wulian Technology Co., Ltd.5)	Hefei	Hefei	Software development	100		Investment establishment
Hefei Meiling Electric Appliances Marketing Co., Ltd.6)	Hefei	Hefei	Sales	99.82	0.18	Investment establishment
Wuhan Meizhirong Electric Appliances Marketing Co., Ltd.7)	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
Changhong Ruba Trading Company (Private) Limited 11)	Pakistan	Pakistan	Sales		60	Investment establishment
Sichuan Changhong Air-conditioner Co., Ltd.12)	Mianyang	Mianyang	Manufacturing and sales	100		Enterprise combined under the same control
Zhongshan Changhong Electric Co., Ltd.13)	Zhongshan	Zhongshan	Manufacturing and sales	90	10	Enterprise combined under the same control
Hefei Meiling Group Holdings Limited 14)	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., Ltd.16)	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
Guangzhou Changhong Trading Co., Ltd.20)	Guangzhou	Guangzhou	Sales		100	Investment establishment
Hebei Hongmao Daily Appliance Technology Co., Ltd.21)	Handan	Handan	Manufacturing and sales		99.0361	Investment establishment
Anhui Tuoxing Technology Co., Ltd.22)	Hefei	Hefei	Manufacturing and sales		47.4512	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		Investment establishment
Anhui Ling'an Medical Equipment Co., Ltd. 25)	Lu'an	Lu'an	Manufacturing and sales		47.4512	Investment establishment

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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. 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%.

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

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 47.4512%.

2) Sichuan Hongmei Intelligent Technology Co., Ltd. (hereinafter referred to as Hongmei Intelligent) was established on Jan. 24, 2014. It is a limited company jointly invested by the Company and Mianyang Meiling Refrigeration Co., Ltd., being approved by the Industrial and Commerce Bureau of Peicheng District, Mianyang City. The company owes registered capital of 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,

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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.

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

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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 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].

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On February 18, 2009, seven natural person shareholders transferred total 0.76% stock rights to Hu Zhiheng, after the transfer, the registered capital of Changhong Ridian was still 83 million yuan, the structure of registered capital after changes was that Sichuan Changhong invested 33.8 million yuan, accounting for 40.72%; Guangdong Xiongfeng Electric Co., Ltd. invested 40 million yuan, accounting for 48.19%; Sichuan Changhong Venture Investment Co., Ltd invested 8 million yuan, accounting for 9.64%; Hu Zhiheng and other two natural person shareholders invested 1.2 million yuan, accounting for 1.45%.

On October 9, 2014, Changhong Ridian held the shareholders meeting which considered and agreed Kou Huameng to transfer its stock rights of total 250,000 yuan which accounts for 0.301% of the Ridian Technology's registered capital to Sichuan Changhong Venture Investment Co., Ltd at the cost of 317,802 yuan. The other shareholders of the Ridian Technology waived the right of pre-emption. On December 11, 2014, Ridian Technology held the shareholders meeting which considered and agreed Guangdong Xiongfeng Electric Co., Ltd. to transfer its stock rights of total 40 million yuan which accounts for 48.19 % of the company's registered capital to Sichuan Changhong Electric Co., Ltd. at the cost of 43,977,300 yuan. The other shareholders of the Ridian Technology waived the right of pre-emption. The structure of registered capital after changes was that Sichuan Changhong invested 73.8 million yuan, accounting for 88.92%; Sichuan Changhong Venture Investment Co., Ltd Invested 8.25 million yuan, accounting for 9.94%; Hu Zhiheng and another natural person shareholder invested 950,000 yuan, accounting for 1.14%.

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

On 7 April 2020, Ridian Technology convened the shareholders' meeting, and agreed the Wu 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

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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.

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

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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 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 Equator Household Appliance (Hefei) Co., Ltd. (hereinafter referred to as Equator Household Appliance) was the Sino-foreign joint venture jointly set up by original Meiling Group and EQUATOR INVESTMENTS (USA) INC. (EQUATOR for short), which have been approved by the [SWZWFZZ(2004) No.0103] of Approval Certificate of Foreign Enterprise from People's Government of Anhui Province. Its registered capital was US\$ 3 million upon establishment, of which, Sino company invested US\$ 2.25 million in machinery equipment, accounting 75% of the registered capital while foreign company invested US\$ 0.5 million in monetary capital and US\$ 0.25 million in intangible assets, amounting to US\$0.75 million, accounting 25% of the registered capital. The above mentioned investment verified by the verification report of [WYAYZ (2004) No. 135] from Anhui Yongan CPAs Co., Ltd. In July 2007, approved by [HWJ (2007) No.136] from Foreign Trade Economic Cooperation Bureau of Hefei City, 25% equity held by EQUATOR transferred to Anhui Meiling Electric Co., Ltd. Totally. The Company's register capital came into 24,793,200

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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.

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 31,2020, the Company has invested US\$ 1,000,000,

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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% 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%	4,356,392.82	9,149,568.12	311,620,837.36
Ground Energy	49.00%	-938,293.89		24,002,637.56
Ridian Technology	0.9639%	-18,264.67		1,315,437.58
Meiling Life Appliances	30.00%	7,129,392.33	7,527,442.51	31,785,077.47

(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	603,508,047.37	151,052,578.84	754,560,626.21	146,845,445.84	14,702,770.79	161,548,216.63
Ground Energy	280,925,952.01	16,282,068.93	297,208,020.94	248,047,384.10	175,662.22	248,223,046.32
Ridian Technology	221,343,407.05	40,177,681.73	261,521,088.78	124,557,450.91	486,989.56	125,044,440.47
Meiling Life Appliances	552,729,372.79	275,528.66	553,004,901.45	447,054,643.21		447,054,643.21

(Continued)

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Subsidiary	Opening 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	Current Period			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongke Meiling	144,766,155.52	8,290,186.98	8,290,186.98	-13,661,569.66
Ground Energy	276,522,437.81	-1,914,885.50	-1,914,885.50	-87,545,869.73
Ridian Technology	105,403,861.00	-1,894,959.92	-1,894,959.92	10,295,047.76
Meiling Life Appliances	775,737,017.98	23,764,641.11	23,764,641.11	50,850,277.81

(Continued)

Subsidiary	Last Period			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongke Meiling	235,704,905.75	34,977,067.97	34,977,067.97	-22,750,957.05
Ground Energy	50,705,949.97	-5,712,646.53	-5,712,646.53	-63,167,443.52
Ridian Technology	121,903,975.39	1,833,690.30	1,833,690.30	-2,113,312.10
Meiling Life Appliances	618,374,856.05	8,755,357.31	8,755,357.31	47,550,153.24

(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

3. Equity in joint venture or associate enterprise

(1) Major joint venture or associate enterprise

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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(Pri vate)Ltd.	Lahore, Pakistan	Lahore	Manufacture s, 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	Manufacture s, sales		25.00	Equity
6.Chengdu Guigu Environmental Tech. Co., Ltd	Chengdu	Chengdu	R&D, manufacturin g 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					
	ChanghongR ubaElectricCo mpany(Privat e)Ltd.	Hefei Xingmei Assets Managemen t Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hong Yuan Ground Energy Heat Tech. Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.	Chengdu Guigu Environmen tal Tech. Co., Ltd
Current assets	62,529,324.52	30,335,123.03	2,740,899,469.94	34,245,689.07	12,618,841.18	38,973,338.86
Including: cash and cash equivalent	961,904.81	30,289,160.83	6,159,949.66	30,374.25	4,312,689.73	29,446,573.43
Non-current assets	24,273,312.30	-	14,014,037.24	26,881.03	12,352.49	1,183,886.51
Total assets	86,802,636.82	30,335,123.03	2,754,913,507.18	34,272,570.10	12,631,193.67	40,157,225.37
Current liability	151,666,691.64	1,146,747.64	2,627,537,908.62	647,139.81	792,985.57	9,793,973.98
Non-current liability	-	-	5,470,322.55	-	11,616.40	2,697,843.01
Total liabilities	151,666,691.64	1,146,747.64	2,633,008,231.17	647,139.81	804,601.97	12,491,816.99
Minority's interest						1,092,993.99
Equity attributable to shareholder of parent company	-64,864,054.82	29,188,375.39	121,905,276.01	33,625,430.29	11,826,591.70	26,572,414.39
Share of net assets measured by shareholding	-25,945,621.93	14,092,147.64	60,952,638.01	16,476,460.84	2,956,647.93	6,643,103.60
Adjustment						
--Goodwill			821,877.28			1,416,227.93
Unrealized profit of the internal	-			129,295.8	11,303.50	6,074.85

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Item	Balance at year-end/Current Year					
	Changhong Ruba 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 Environmental Tech. Co., Ltd.
downstream transactions						
Unrealized profit of the internal upstream transactions						
Other	25,945,621.93					
Book value of the equity investment for associate enterprise	-	14,092,147.64	61,774,515.29	16,463,531.26	2,945,344.43	8,053,256.68
Fair value of equity investment for the affiliates with consideration publicly						
Operation income	11,940,445.57	-	5,238,453,286.91	2,371,427.43	2,197,630.99	1,810,893.32
Financial expenses	11,216.86	-43,456.82	-19,188,756.89	244.40	-52,908.82	-256,294.31
Income tax expenses	144,001.23	-	3,112,952.18	-		
Net profit	-29,900,142.32	-17,952.29	23,268,872.28	-1,232,689.06	-693,291.38	-1,814,859.16
Other comprehensive income	7,582,766.35	-	-			
Total comprehensive income	-22,317,375.97	-17,952.29	23,268,872.28	-1,232,689.06	-693,291.38	-1,814,859.16
Dividend received from associate enterprise in Current Year		5,793,600.00	1,629,022.64			

(Continued)

Items	Balance at year-begin /Last Year					
	Changhong Ruba 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 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

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Items	Balance at year-begin /Last Year					
	Changhong Ruba Electric Company(Pri vate)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 Environmen tal Tech. Co., Ltd
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
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	114,113,833.32	-	5,469,059,501.77	94,133.06	3,778,843.34	24,509,987.79
Financial expenses	70,820.09	-27,341.72	-22,176,910.19	267.75	-57,394.00	-289,738.80
Income tax expenses	1,215,849.99	3,252,674.65	554,942.41			
Net profit	-14,180,304.24	9,758,023.96	1,646,585.39	-1,163,205.15	260,813.27	123,763.39
Other comprehensive income	2,115,738.30					
Total comprehensive income	-12,064,565.94	9,758,023.96	1,646,585.39	-1,163,205.15	260,813.27	123,763.39
Dividend received from associate		5,069,400.00				

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Items	Balance at year-begin /Last Year					
	Changhong Ruba 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 Environmental Tech. Co., Ltd
enterprise in Current Year						

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

(5) Excess loss occurred in joint venture or affiliates

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

(6) Unconfirmed commitment with joint venture investment concerned: Nil

(7) Intangible liability with joint venture or affiliates investment concerned: Nil

(8) Contingent liabilities related to joint venture or associated enterprise investment :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 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

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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 June 30, 2023 is RMB -41,362,848.61. Changes in the fair value of derivative financial instruments have been included in the profit and loss, and the relevant contents of "VI. 55 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 June 30, 2023, the Company's interest-bearing debts were mainly the fixed-rate loan contracts denominated in RMB, with a total amount of RMB 881,064,263.12; and the RMB floating-rate loan contracts, with a total amount of RMB 158,000,000.00. 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 June 30, 2023, 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 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

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five accounts receivable is RMB 1,735,301,853.62, accounting for 59.31% 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	72,248,082.82	120,633,729.07		192,881,811.89
1. Financial assets measured at fair value and whose changes are included in current gains/losses	72,248,082.82	120,633,729.07	-	192,881,811.89
Including: Derivative financial assets	72,248,082.82			72,248,082.82
Principal and Interest of Wealth Management Products		120,633,729.07		120,633,729.07
(ii) Other non-current financial assets		81,060,223.94	547,489,224.37	628,549,448.31
(iii) Receivables financing			1,604,435,165.24	1,604,435,165.24
Total assets continuously measured at fair value	72,248,082.82	201,693,953.01	2,151,924,389.61	2,425,866,425.44
(iv) Trading financial liability	113,610,931.43			113,610,931.43
1. Financial liabilities measured by fair value and with variation reckoned into current gains/losses	113,610,931.43			113,610,931.43
Including: Derivative financial liability	113,610,931.43			113,610,931.43
Total liabilities continuously measured at fair value	113,610,931.43			113,610,931.43

2. The basis for determining the market price of continuous and non-continuous first-level fair value measurement items

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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

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

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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%	27.36%

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
Changhong Ruba Electric Company(Private)Ltd	Associated enterprise of subsidiary Zhongshan Changhong
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
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
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

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Other related party	Relationship with the company
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
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
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
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
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 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

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Other related party	Relationship with the company
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 Science & Technology City Big Data Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
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
Mianyang High tech Zone Hongfu Technology Co., Ltd.	Enterprises where the supervisor of the controlling shareholder serves as its legal representative
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
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
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 Moulding Tech. Co., Ltd.	Purchasing commodity	47,227.00	100,000.00	N	42,116.85
Sichuan Changxin Refrigeration Parts Co., Ltd.	Purchasing commodity	40,002.29			31,020.99
Sichuan Changhong Jijia Fine Co., Ltd.	Purchasing commodity	29,862.39	65,000.00	N	24,772.90
Changhong Huayi Compressor Co., Ltd.	Purchasing commodity	25,980.62	54,000.00	N	19,308.27
Mianyang Highly Electric Co., Ltd.	Purchasing commodity	25,317.48			4,722.10
Sichuan Changhong Electronic Co., Ltd.	Purchasing commodity	21,647.30	65,000.00	N	21,990.58

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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 Aichuang Science & Technology Co., Ltd.	Purchasing commodity	7,075.57	20,000.00	N	5,142.93
Sichuan Changhong Package Printing Co., Ltd.	Purchasing commodity	6,932.79	20,000.00	N	7,365.41
Sichuan Changhong Electronic Products Co., Ltd.	Purchasing commodity	2,034.05	3,000.00	N	1,608.43
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Purchasing commodity	1,776.19	4,500.00	N	1,157.30
Changhong International Holdings (Hong Kong) Co., Ltd.	Purchasing commodity	1,538.32	12,000.00	N	202.84
Sichuan Aoku Technology Co., Ltd.	Purchasing commodity	1,155.21	5,000.00	N	1.82
Changhong Ruba Electric Company (Private) Ltd.	Purchasing commodity	1,110.98			5,950.36
Sichuan Ailink Technology Co., Ltd.	Purchasing commodity	868.04	5,000.00	N	460.43
Sichuan Changhong Electronic Products Co., Ltd.	Purchasing commodity	559.39	8,000.00	N	506.18
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing commodity	461.50	8,000.00	N	178.81
Guangdong Changhong Electronics Co., Ltd.	Purchasing commodity	400.10	8,000.00	N	259.46
Hefei Changhong Industrial Co., Ltd.	Purchasing commodity	385.14	8,000.00	N	337.45
Sichuan Hongran Green Energy Co., Ltd.	Purchasing commodity	90.89			53.80
081 Electronic Group Co., Ltd.	Purchasing commodity	5.30	8,000.00	N	
Sichuan Hongwei Technology Co., Ltd.	Purchasing commodity	4.06	8,000.00	N	
Sichuan Changhong New Energy Technology Co., Ltd.	Purchasing commodity	2.40	5,000.00	N	1.91
Sichuan Hongyu Metal Manufacturing Co., Ltd.	Purchasing commodity	1.47			
Sichuan Jiahong Industrial Co., Ltd.	Purchasing commodity	0.33	5,000.00	N	
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Purchasing commodity	0.18	8,000.00	N	
Sichuan Changhong Source Co., Ltd.	Purchasing commodity	0.18	8,000.00	N	
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchasing commodity	0.05	5,000.00	N	
Sichuan Changhong International Hotel Co., Ltd.	Purchasing commodity				1.17
Sichuan Changhong New Energy Technology Co., Ltd.	Purchasing commodity				16.35
Sichuan Changhong Property Service Co., Ltd.	Purchasing commodity				1.35
Total		214,439.22			167,177.69

2. Accept the services

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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	368,497,783.26	820,000,000.00	N	305,201,100.86
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Accept the services	180,747,221.09	450,000,000.00	N	109,136,334.24
Sichuan Changhong Moulding Tech. Co., Ltd.	Accept the services	19,178,221.81	100,000,000.00	N	11,317,706.85
Sichuan Qiruik Technology Co., Ltd.	Accept the services	5,854,992.14	50,000,000.00	N	5,330,162.67
Sichuan Jiahong Industrial Co., Ltd.	Accept the services	4,181,446.86	50,000,000.00	N	3,427,635.77
Sichuan Changhong Electric Co., Ltd.	Accept the services	2,012,125.83	100,000,000.00	N	1,638,694.39
Sichuan Changhong Jijia Fine Co., Ltd.	Accept the services	1,585,419.16	100,000,000.00	N	6,655,258.49
Sichuan Changxin Refrigeration Part Co., Ltd.	Accept the services	1,443,843.02			7,029,331.97
Sichuan Hongxin Software Co., Ltd.	Accept the services	763,205.18	100,000,000.00	N	2,962,845.28
Sichuan Changhong Electronics Holding Group Co., Ltd.	Accept the services	455,179.68	50,000,000.00	N	385,868.01
Mianyang High tech Zone Hongfu Technology Co., Ltd	Accept the services	454,323.56	2,000,000.00	N	
Guangdong Changhong Electronics Co., Ltd.	Accept the services	361,166.90	100,000,000.00	N	188,394.36
Sichuan Changhong Gerun Environmental protection Co., Ltd.	Accept the services	202,167.22	50,000,000.00	N	
Sichuan Changhong Electric Product Co., Ltd.	Accept the services	162,049.81	100,000,000.00	N	
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Accept the services	94,339.62	50,000,000.00	N	73,130.53
Sichuan Changhong Property Service Co., Ltd.	Accept the services	73,423.50	50,000,000.00	N	54,068.60
Sichuan Zhiyijia Network Technology Co., Ltd.	Accept the services	69,357.35	100,000,000.00	N	103,710.82
Sichuan Changhong International Hotel Co., Ltd.	Accept the services	64,235.80	50,000,000.00	N	36,610.36
Sichuan Changhong International Hotel Co., Ltd.	Accept the services	16,928.77	50,000,000.00	N	
Chengdu Guigu Environmental Tech. Co., Ltd	Accept the services				122,389.38
Total		586,217,430.56			453,663,242.58

3. Sales of goods

Related party	Content	Current Period	Last Period
		(in 10 thousand Yuan)	(in 10 thousand Yuan)
Sichuan Zhiyijia Network Technology Co., Ltd.	Sales of goods	375,670.47	343,895.21
CHANGHONG (HK) TRADING LIMITED	Sales of goods	38,739.78	17,413.91
CHANGHONGELECTRIC(AUSTRALIA)PTY.LTD.	Sales of goods	5,714.99	7,001.05
Changhong Europe Electric s.r.o	Sales of goods	4,109.31	305.51

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Related party	Content	Current Period	Last Period
		(in 10 thousand Yuan)	(in 10 thousand Yuan)
Changhong International Holdings (Hong Kong) Co., Ltd.	Sales of goods	5,017.47	8,393.61
Orion.PDP.Co.,Ltd	Sales of goods	1,964.81	2,814.00
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd	Sales of goods	258.76	
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Sales of goods	253.80	302.53
Sichuan Tianyou Guigu Technology Co., Ltd.	Sales of goods	94.29	69.49
Sichuan Changhong Model Technology Co., Ltd.	Sales of goods	57.00	365.27
Sichuan Changhong Minsheng Logistics Co., Ltd.	Sales of goods	44.03	16.16
Sichuan Changhong Electronic Co., Ltd.	Sales of goods	30.23	23.92
Guangyuan Changhong Electric Co., Ltd.	Sales of goods	22.45	13.79
Sichuan Tianyou Guigu Technology Co., Ltd.	Sales of goods	18.32	14.17
Sichuan Baiku Technology Co., Ltd.	Sales of goods	9.61	62.74
Guangdong Changhong Electric Co., Ltd.	Sales of goods	7.23	2.27
Sichuan Changhong Source Co., Ltd.	Sales of goods	5.46	
Sichuan Qisai Microelectronics Co., Ltd.	Sales of goods	4.99	
Sichuan Hongmofang Network Technology Co., Ltd.	Sales of goods	4.33	
Sichuan Changhong Appliance Technology Co., Ltd.	Sales of goods	4.05	15.38
Sichuan Aiku Technology Co., Ltd.	Sales of goods	0.77	23.01
Sichuan Aichuang Technology Co., Ltd.	Sales of goods	0.73	2.19
Sichuan Changhong Electric Holding Group Co., Ltd.	Sales of goods	0.26	
Sichuan Qiruk Technology Co., Ltd.	Sales of goods	0.23	
Sichuan Ansifei Technology Co., Ltd.	Sales of goods	0.01	
Changhong Ruba Electric Company (Private) Ltd.	Sales of goods		1,028.84
CHANGHONG ELECTRIC MIDDLE EAST FZCO	Sales of goods		446.27
Hong Yuan Ground Energy Heat Tech. Co., Ltd.	Sales of goods		5.10
Sichuan Huafeng Technology Co., Ltd.	Sales of goods		35.31
Sichuan Changhong Real Estate Co., Ltd.	Sales of goods		9.72
Changhong Huayi Compressor Co., Ltd.	Sales of goods		7.31
Sichuan Changhong Jijia Fine Co., Ltd.	Sales of goods		7.89
Sichuan Changhong Precision Electronic Technology Co., Ltd.	Sales of goods		0.72
Total		432,033.38	382,275.37

4. Provide the services

Related party	Content	Current Period	Last Period
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Provide the services	1,239,722.20	1,172,476.55
Guangdong Changhong Electronics Co., Ltd.	Provide the services	486,725.66	
Sichuan Changhong Moulding Tech. Co., Ltd.	Provide the services	393,122.08	133,161.41
Sichuan Changhong Minsheng Logistics Co., Ltd.	Provide the services	367,086.07	174,099.76
Yuanxin Financial Lease Co., Ltd.	Provide the services	185,532.18	95,673.53

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Related party	Content	Current Period	Last Period
Sichuan Changhong Property Service Co., Ltd.	Provide the services	135,593.96	85,797.50
Sichuan Zhiyijia Network Technology Co., Ltd.	Provide the services	131,027.58	8,355.62
Sichuan Changhong Device Technology Co., Ltd.	Provide the services	124,018.93	80,064.14
Changhong Huayi Compressor Co., Ltd.	Provide the services	116,943.63	355,407.86
Sichuan Aichuang Technology Co., Ltd.	Provide the services	111,462.81	-789,703.69
Mianyang Huafeng Hulian Technology Co., Ltd.	Provide the services	93,625.64	
Sichuan Hongwei Technology Co., Ltd.	Provide the services	69,735.85	
Sichuan Changhong Precision Electronic Technology Co., Ltd	Provide the services	58,326.34	37,577.54
Sichuan Qisai Microelectronics Co., Ltd.	Provide the services	44,593.58	
Sichuan Changhong International Hotel Co., Ltd.	Provide the services	31,608.80	16,528.32
Sichuan Changhong Electric Co., Ltd.	Provide the services	28,299.02	-326,514.20
Sichuan Changhong Electronic Products Co., Ltd.	Provide the services	4,500.00	
Sichuan Changhong Precision Electronic Technology Co., LT	Provide the services	2,700.00	
Sichuan Qiruik Technology Co., Ltd.	Provide the services	1,314.00	1,332.00
Sichuan Aoku Technology Co., Ltd.	Provide the services	1,081.72	156,191.31
Sichuan Ailian Technology Co.,Ltd.	Provide the services	80.94	
Hefei Changhong Industrial Co., Ltd.	Provide the services	42.50	220.00
Sichuan Huafeng Enterprise Group Co., Ltd.	Provide the services		366,055.05
Sichuan Changxin Refrigeration Parts Co., Ltd.	Provide the services		229,524.66
Sichuan Changhong Jiechuang Lithium Technology Co., Ltd.	Provide the services		25,619.68
Guang yuan Hongcheng Industrial Co., Ltd.	Provide the services		45,871.56
Total		3,627,143.49	1,867,738.60

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

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(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	1,436,731.33	1,350,299.40
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	warehouse, apartment, forklift, warehouse	470,897.06	461,571.78
Changhong Meiling	Hefei Changhong Industrial Co., Ltd.	Apartments, warehouses, forklifts	146,562.74	303,237.74
Changhong Meiling	Sichuan Changhong Minsheng Logistics Co., Ltd.	apartment, office	104,497.98	110,877.98
Changhong Meiling	Sichuan Zhiyijia Network Technology Co., Ltd.	Apartment	94,128.44	94,128.44
Changhong Meiling	Sichuan Aichuang Science & Technology Co., Ltd.	Warehouse	84,571.19	117,660.00
Changhong Meiling	Sichuan Aoku Technology Co., Ltd.	Warehouse	20,987.63	1,618.86
Changhong Meiling	Sichuan Aichuang Technology Co., Ltd.	Warehouse	19,507.00	18,759.84
Changhong Meiling	hanghong Huayi Compressor Co., Ltd.	Warehouse	5,811.32	
Changhong Meiling	Sichuan Hongxin Software Co., Ltd.	Apartment	4,400.00	
Changhong Meiling	Sichuan Ailian Technology Co., LTD.	Warehouse	1,586.50	938.94
Zhongshan Changhong	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Apartment	1,105.00	47,700.00
Changhong Meiling	Sichuan Changhong Moulding Tech. Co., Ltd.	Apartments, warehouses, factories	2,786,522.82	2,542,277.65
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	warehouse, apartment, forklift, warehouse	1,831,253.85	1,766,750.99
Changhong Air-conditioner	Sichuan Changhong Electric Co., Ltd.	Workshop	448,648.03	1,511,579.46
Changhong Air-conditioner	Sichuan Changxin Refrigeration Parts Co., Ltd.	Processing equipment of U	79,999.99	126,666.66
Changhong Air-conditioner	Chengdu Guigu Environmental Tech. Co., Ltd	House and buildings	14,201.83	14,201.83
Changhong Air-conditioner	Sichuan Changhong Electronics Holding Group Co., Ltd.	Workshop	4.49	
Ridian Technology	Sichuan Changhong Device Technology Co., Ltd.	Workshop	1,073,574.90	1,087,270.81
Ridian Technology	Sichuan Ailink Technology Co., Ltd.	Workshop	47,314.29	47,314.29
Zhongshan Changhong	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	living area	42,000.00	42,000.00
Zhongshan Changhong	Sichuan Changhong Moulding Tech. Co., Ltd.	living area	24,900.00	32,400.00
Zhongshan Changhong	Sichuan Changhong Minsheng Logistics Co., Ltd.	Parts of the office building rent-out	22,148.58	22,148.58

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

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(Unless other wise specified, RMB for record in the Statement)

Lessor	Lessee	Type of assets	Leasing income in Current Period	Leasing income in Last Period
Zhongsan Changhong	Guangdong Changhong Electric Co., Ltd.	living area		14,221.47
Jiangxi Meiling	Sichuan Changhong Moulding Tech. Co., Ltd.	Workshop	411,144.18	411,144.18
Jiangxi Meiling	Sichuan Changhong Minsheng Logistics Co., Ltd.	Warehouse		9,142.86
Total			9,172,499.15	10,133,911.76

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

From 1 January 2023 to 30 June 2023

(Unless other wise 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 current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period
Hefei Changhong Industrial Co., Ltd.	Changhong Meiling	Workshop leasing					590,931.54	376,152.09	485,439.06	517,499.86		
Sichuan Changhong Electronics Holding Group Co., Ltd.	Changhong Air-conditioner	Staff dormitory	64,694.40	62,774.40								
Sichuan Changhong Electric Co., Ltd.	Changhong Air-conditioner	VISA Laboratories		170,589.02			153,431.50		17,157.52		1,534,315.05	
Sichuan Jiahong Industrial Co., Ltd.	Changhong Air-conditioner	Staff dormitory	216,056.16	184,147.52								
Chengdu Changhong Electronic Technology Co., Ltd.	Hongmei Intelligent	Office					334,385.06	314,318.93	28,592.17	48,658.28		
Guangdong Changhong Electronics Co., Ltd.	Hong yuan Zhongshan	Staff dormitory	39,530.00	38,582.61								
Sichuan Changhong Electric Co., Ltd.	Miayang Meiling	Workshop leasing	32,259.69				1,433,275.56	1,505,012.56	208,376.40	136,639.40		

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(Unless other wise 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 Jiahong Industrial Co., Ltd.	Mianyang Meiling	Staff dormitory	16,664.37	9,723.82								
Guangdong Changhong Electronics Co., Ltd.	Ridian Technology	Staff dormitory	28,660.58	65,766.19								
Changhong Huayi Compressor Co., Ltd.	Jiangxi Meiling	Staff dormitory		44,310.17								
Chengdu Changhong Electronic Technology Co., Ltd.	Hongmei Intelligent	Office	62,618.29									
Guangdong Changhong Electronics Co., Ltd.	Zhongshan Changhong	Workshop leasing		677,103.12								
Total			460,483.49	1,252,996.85			2,512,023.66	2,195,483.58	739,565.15	702,797.54	1,534,315.05	

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

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(Unless other wise 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	2022/4/18	2023/4/18	Y
Changhong Meiling	Meiling Group	4,500.00	2023/5/11	2024/5/11	N
Changhong Meiling	Meiling Life Appliances	4,000.00	2021/12/9	2022/11/2	Y
Changhong Meiling	Meiling Life Appliances	3,000.00	2022/1/26	2023/1/26	Y
Changhong Meiling	Meiling Life Appliances	5,000.00	2022/3/16	2023/3/16	Y
Changhong Meiling	Meiling Life Appliances	500.00	2022/8/26	2023/8/26	N
Changhong Meiling	Meiling Life Appliances	1,000.00	2022/9/8	2023/9/8	Y
Changhong Meiling	Meiling Life Appliances	5,000.00	2022/9/22	2023/9/21	N
Changhong Meiling	Meiling Life Appliances	5,000.00	2022/10/26	2023/10/25	N
Changhong Meiling	Meiling Life Appliances	4,500.00	2022/12/8	2023/10/24	N
Changhong Meiling	Meiling Life Appliances	8,000.00	2023/2/22	2024/1/12	N
Changhong Meiling	Meiling Life Appliances	5,000.00	2023/4/21	2024/4/21	N
Changhong Meiling	Meiling Life Appliances	2,000.00	2023/4/24	2024/4/23	N
Changhong Meiling	Changhong air-conditioner	5,000.00	2021/9/24	2022/9/24	Y
Changhong Meiling	Changhong air-conditioner	15,000.00	2021/12/7	2022/12/6	Y
Changhong Meiling	Changhong air-conditioner	8,000.00	2022/3/18	2023/3/17	Y
Changhong Meiling	Changhong air-conditioner	30,000.00	2022/4/18	2023/4/18	Y
Changhong Meiling	Changhong air-conditioner	10,000.00	2023/1/17	2023/10/11	N
Changhong Meiling	Changhong air-conditioner	5,000.00	2023/1/17	2024/1/16	N
Changhong Meiling	Changhong air-conditioner	16,000.00	2023/2/27	2024/2/26	N
Changhong Meiling	Changhong air-conditioner	30,000.00	2023/3/16	2024/3/16	N
Changhong Meiling	Changhong air-conditioner	60,000.00	2023/3/18	2024/3/18	N
Changhong Meiling	Changhong air-conditioner	12,000.00	2023/4/14	2024/4/13	N
Changhong Meiling	Changhong air-conditioner	3,500.00	2023/6/28	2023/12/28	N
Changhong Meiling	Ridian Technology	3,000.00	2022/3/25	2023/3/25	N
Changhong Meiling	Ridian Technology	4,000.00	2022/7/7	2023/7/7	N
Changhong Meiling	Ridian Technology	2,000.00	2022/10/25	2023/10/24	N
Changhong Meiling	Ridian Technology	3,500.00	2022/11/10	2023/11/9	N

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Secured party	Sponsored party	Maximum guarantee amount	Start	Date due	Completed (Y/N)
		(in 10 thousand Yuan)			
Changhong Meiling	Zhongke Meiling	2,000.00	2022/9/20	2023/1/27	Y
Changhong Meiling	Zhongke Meiling	5,000.00	2022/11/14	2023/6/19	N
Changhong Meiling	Zhongshan Changhong	2,000.00	2022/2/15	2023/2/14	Y
Changhong Meiling	Zhongshan Changhong	6,000.00	2022/3/15	2023/3/15	Y
Changhong Meiling	Zhongshan Changhong	7,000.00	2022/3/28	2023/3/29	Y
Changhong Meiling	Zhongshan Changhong	18,000.00	2022/4/22	2023/4/22	N
Changhong Meiling	Zhongshan Changhong	10,000.00	2022/4/22	2023/4/22	N
Changhong Meiling	Zhongshan Changhong	13,000.00	2022/6/16	2023/6/16	N
Changhong Meiling	Zhongshan Changhong	20,000.00	2022/7/2	2023/7/2	N
Changhong Meiling	Zhongshan Changhong	15,000.00	2022/8/15	2023/8/14	N
Changhong Meiling	Zhongshan Changhong	5,000.00	2022/8/19	2023/8/19	N
Changhong Meiling	Zhongshan Changhong	6,000.00	2023/3/15	2024/3/15	N
Changhong Meiling	Zhongshan Changhong	10,000.00	2023/5/11	2024/5/10	N
Changhong Meiling	Zhongshan Changhong	10,000.00	2023/5/30	2024/5/29	N
Changhong Meiling	Zhongshan Changhong	7,000.00	2023/6/15	2024/6/14	N
Zhongke Meiling	Anhui Tuoxing	500.00	2022/6/27	2023/6/27	Y
Zhongke Meiling	Anhui Tuoxing	1,000.00	2023/6/20	2024/6/4	N
Counter guarantee:					
Meiling Group	Changhong Meiling	5,000.00	2022/4/18	2023/4/18	Y
Meiling Group	Changhong Meiling	4,500.00	2023/5/11	2024/5/11	N
Meiling Life Appliances	Changhong Meiling	4,000.00	2021/12/9	2022/11/2	Y
Meiling Life Appliances	Changhong Meiling	3,000.00	2022/1/26	2023/1/26	Y
Meiling Life Appliances	Changhong Meiling	5,000.00	2022/3/16	2023/3/16	Y
Meiling Life Appliances	Changhong Meiling	500.00	2022/8/26	2023/8/26	N
Meiling Life Appliances	Changhong Meiling	1,000.00	2022/9/8	2023/9/8	Y
Meiling Life Appliances	Changhong Meiling	5,000.00	2022/9/22	2023/9/21	N
Meiling Life Appliances	Changhong Meiling	5,000.00	2022/10/26	2023/10/25	N
Meiling Life Appliances	Changhong Meiling	4,500.00	2022/12/8	2023/10/24	N
Meiling Life Appliances	Changhong Meiling	8,000.00	2023/2/22	2024/1/12	N

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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	2023/4/21	2024/4/21	N
Meiling Life Appliances	Changhong Meiling	2,000.00	2023/4/24	2024/4/23	N
Changhong air-conditioner	Changhong Meiling	5,000.00	2021/9/24	2022/9/24	Y
Changhong air-conditioner	Changhong Meiling	15,000.00	2021/12/7	2022/12/6	Y
Changhong air-conditioner	Changhong Meiling	8,000.00	2022/3/18	2023/3/17	Y
Changhong air-conditioner	Changhong Meiling	30,000.00	2022/4/18	2023/4/18	Y
Changhong air-conditioner	Changhong Meiling	10,000.00	2023/1/17	2023/10/11	N
Changhong air-conditioner	Changhong Meiling	5,000.00	2023/1/17	2024/1/16	N
Changhong air-conditioner	Changhong Meiling	16,000.00	2023/2/27	2024/2/26	N
Changhong air-conditioner	Changhong Meiling	30,000.00	2023/3/16	2024/3/16	N
Changhong air-conditioner	Changhong Meiling	60,000.00	2023/3/18	2024/3/18	N
Changhong air-conditioner	Changhong Meiling	12,000.00	2023/4/14	2024/4/13	N
Changhong air-conditioner	Changhong Meiling	3,500.00	2023/6/28	2023/12/28	N
Ridian Technology	Changhong Meiling	3,000.00	2022/3/25	2023/3/25	Y
Ridian Technology	Changhong Meiling	4,000.00	2022/7/7	2023/7/7	N
Ridian Technology	Changhong Meiling	2,000.00	2022/10/25	2023/10/24	N
Ridian Technology	Changhong Meiling	3,500.00	2022/11/10	2023/11/9	N
Zhongke Meiling	Changhong Meiling	2,000.00	2022/9/20	2023/1/27	Y
Zhongke Meiling	Changhong Meiling	5,000.00	2022/11/14	2023/6/19	N
Zhongshan Changhong	Changhong Meiling	2,000.00	2022/2/15	2023/2/14	Y
Zhongshan Changhong	Changhong Meiling	6,000.00	2022/3/15	2023/3/15	Y
Zhongshan Changhong	Changhong Meiling	7,000.00	2022/3/28	2023/3/29	N
Zhongshan Changhong	Changhong Meiling	18,000.00	2022/4/22	2023/4/22	N
Zhongshan Changhong	Changhong Meiling	10,000.00	2022/4/22	2023/4/22	N
Zhongshan Changhong	Changhong Meiling	13,000.00	2022/6/16	2023/6/16	N
Zhongshan Changhong	Changhong Meiling	20,000.00	2022/7/2	2023/7/2	N
Zhongshan Changhong	Changhong Meiling	15,000.00	2022/8/15	2023/8/14	N
Zhongshan Changhong	Changhong Meiling	5,000.00	2022/8/19	2023/8/19	N
Zhongshan Changhong	Changhong Meiling	6,000.00	2023/3/15	2024/3/15	N

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Secured party	Sponsored party	Maximum guarantee amount	Start	Date due	Completed (Y/N)
		(in 10 thousand Yuan)			
Zhongshan Changhong	Changhong Meiling	10,000.00	2023/5/11	2024/5/10	N
Zhongshan Changhong	Changhong Meiling	10,000.00	2023/5/30	2024/5/29	N
Zhongshan Changhong	Changhong Meiling	7,000.00	2023/6/15	2024/6/14	N
Anhui Tuoxing	Zhongke Meiling	500.00	2022/6/27	2023/6/27	Y
Anhui Tuoxing	Zhongke Meiling	1,000.00	2023/6/20	2024/6/4	N

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	902,404.42	1,570,283.02
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchase and construction of fixed assets	454,167.32	484,283.19
Sichuan Qiruik Technology Co., Ltd.	Purchase of intangible assets	288,000.00	65,575.22
Sichuan Changhong Jiahua Information Product Co., Ltd.	Purchase and construction of fixed assets	275,800.17	
Sichuan Hongxin Software Co., Ltd.	Purchase of intangible assets	121,115.04	
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchase and construction of fixed assets	15,700.88	8,407.06
Sichuan Changhong Electric Holding Group Co., Ltd.	Construction of fixed assets		94,339.62
Guangdong Changhong Electric Co., Ltd.	Purchase and construction of fixed assets		1,400,000.03
Mianyang Science & Technology City Big Data Technology Co., Ltd.	Purchase and construction of fixed assets		452,630.47
Guangdong Changhong Electric Co., Ltd.	Purchase and construction of fixed assets		600.00
Sichuan Aoku Technology Co., Ltd.	Sale of fixed assets		121,030.34
Total		2,057,187.83	4,197,148.95

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	27,779.67	21,168.68

9. Related transaction with Changhong Finance Company

(1) Saving balance

Name of company	Ending balance	Opening balance	Interest income from bank saving in the period
Changhong Meiling Co., Ltd.	1,678,581,284.90	1,576,180,731.79	24,420,468.15
Sichuan Changhong Air-conditioner Co., Ltd	994,133,142.82	975,985,071.65	2,732,065.52

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Zhongshan Changhong Electric Co., Ltd	612,012,430.92	490,792,121.80	5,314,600.50
Hefei Changhong Meiling Life Appliances Co., Ltd.	258,498,612.95	218,066,151.18	2,638,830.02
Changhong Meiling Ridian Technology Co., Ltd.	60,591,537.97	33,296,010.27	73,327.84
Zhongke Meiling Cryogenic Technology Co., Ltd	50,250,799.45	50,619,272.37	723,647.93
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	37,935,386.66	112,954,489.66	544,425.62
Hefei Meiling Group Holdings Limited	374,150.85	207,918.41	7,959.12
Anhui Tuoxing Technology Co., Ltd.	370,905.95	84,076.99	3,450.91
Mianyang Meiling Refrigeration Co., Ltd.	12,549.94	21,366.13	29.67
Jiangxi Meiling Electric Appliance Co., Ltd.	9,647.03	9,626.58	20.35
Ground Energy Heat Pump Tech. Co., Ltd.	388.87	13,260.69	14.38
Hebei Hongmao Daily Appliance Technology Co., Ltd.		6,769,834.89	5,676.52
Anhui Ling'an medical equipment Co., Ltd.		0.08	
Total	3,692,770,838.31	3,464,999,932.49	36,464,516.53

(2) Discounted bills

Name of company	Bank acceptance	Bank acceptance	Discounting fees
	Discounted face amount	Discounted amount	Amount of expenses
Changhong Meiling Co., Ltd.	45,050,403.14	44,778,201.03	272,202.11
Hefei Changhong Meiling Life Appliances Co., Ltd.	27,925,067.68	27,717,738.63	207,329.05
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	8,650,000.00	8,527,558.31	122,441.69
Changhong Meiling Ridian Technology Co., Ltd.	3,373,116.42	3,338,859.99	34,256.43
Zhongshan Changhong Electric Co., Ltd.	2,858,022.00	2,832,172.78	25,849.22
Total	504,465,457.16	500,460,732.09	4,004,725.07

(3) Issuance of invoices

Name of company	Issuer	Bill amount	Types
Sichuan Changhong Air-conditioner Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	371,287,440.73	Bank acceptance
Zhongshan Changhong Electric Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	189,312,953.43	Bank acceptance
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	50,537,817.32	Bank acceptance
Changhong Meiling Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	38,033,000.00	Bank acceptance
Hefei Changhong Meiling Life Appliances Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	34,686,039.46	Bank acceptance
Zhongke Meiling Cryogenic Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	19,409,740.60	Bank acceptance
Hefei Meiling Group Holdings Limited	Sichuan Changhong Group Finance Co., Ltd.	15,794,725.80	Bank acceptance
Changhong Meiling Ridian Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	2,306,895.18	Bank acceptance
Anhui Tuoxing Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	165,015.95	Bank acceptance

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Total	721,533,628.47
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(4) Credit business or other financial business

Name of company	Transaction content	Current Period	Last Period
Sichuan Changhong Air-conditioner Co., Ltd	Letter of Guarantee	977,160.00	
Anhui Tuoxing Technology Co., Ltd.	Letter of Guarantee	330,000.00	
合计		1,307,160.00	

(5) Borrowings: Nil

(6) Receivable factoring: Nil

(iii) Come and go balance with related parties

1. Receivable items

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.	539,464,163.23	69,242,984.55	440,272,480.19	68,442,866.04
Account receivable	CHANGHONG(HK)TRADINGLIMITED	141,439,425.71		60,041,559.36	
Account receivable	Changhong International Holdings (Hong Kong) Co., Ltd.	60,281,239.65	1,137,912.73	53,357,857.70	1,137,912.73
Account receivable	Changhong Ruba Electric Company (Private) Ltd.	41,610,466.18	41,610,466.18	41,456,983.76	41,456,983.76
Account receivable	CHANGHONGELECTRIC(AUSTRALIA)PTY.LTD.	18,137,602.25		24,835,082.91	
Account receivable	Orion.PDP.Co.,ltd	17,063,220.93		18,169,829.16	96,826.72
Account receivable	Changhong Europe Electric s.r.o	5,629,392.29		9,350,935.09	
Account receivable	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	1,455,000.00			
Account receivable	Yuanxin Financial Leasing Co., Ltd.	725,467.41		545,991.98	
Account receivable	Sichuan Changhong Moulding Tech. Co., Ltd.	400,199.09		17,580.00	
Account receivable	Hong Yuan Ground Energy Heat Tech. Co., Ltd	342,203.53	52,037.28	342,203.53	57,322.40
Account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	217,781.98		288,033.65	
Account receivable	Aichuang Technology Co., Ltd.	163,326.13			
Account receivable	Sichuan Changhong Electricl Holdings Group Co., Ltd.	156,709.00		240,063.11	
Account receivable	Guangdong Changhong Electric Co., Ltd.	74,926.00		147,629.98	
Account receivable	Sichuan Changhong International Hotel Co., Ltd.	18,652.45			
Account receivable	Sichuan Changhong Electric Co., Ltd.	6,450.00		944,871.90	

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Item	Related party	Balance at year-end		Balance at year-begin	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Qiruke Technology Co., Ltd.	2,565.10			
Account receivable	CHANGHONG ELECTRIC MIDDLE EAST FZCO			755,784.47	
Account receivable	Changhong Huayi Compressor Co., Ltd.			432,726.15	
Account receivable	Sichuan Changhong Technology Seiko Co., Ltd.			8,204.00	
Account receivable	Sichuan Changhong Minsheng Logistics Co., Ltd.			4,305.20	
Account paid in advance	Sichuan Changhong Property Service Co., Ltd.	1,613.85		1,613.85	
Account paid in advance	Sichuan Ailian Technology Co., Ltd.	178.22		178.22	
Other account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	324,140.35		42,202.32	
Other account receivable	Sichuan Changhong Electric Appliance Co., Ltd.	188,840.00		60,000.00	
Other account receivable	Sichuan Yizhijia Network Technology Co., Ltd.	150,000.00		200,000.00	
Other account receivable	Sichuan Changhong Property Service Co., Ltd.	1,291.08		1,291.08	
Other account receivable	Changhong Huayi Compressor Co., Ltd.			267,000.00	
Other receivable	Sichuan Changhong Jiechuang Lithium Technology Co., Ltd.			129,000.00	
Other receivable	Sichuan Changhong Jijia Fine Co., Ltd.			17,232.50	
	Total	827,854,854.3	112,043,400.74	651,930,640.11	111,191,911.65

2. Payable items

Item	Related party	Ending balance	Opening balance
Account payable	Sichuan Changhong Moulding Tech. Co., Ltd.	249,133,182.32	102,735,433.69
Account payable	Sichuan Changhong Jijia Fine Co., Ltd.	180,770,211.84	48,446,852.70
Account payable	Mianyang Highly Electric Co., Ltd.	118,086,019.73	7,021,268.99
Account payable	Changhong Huayi Compressor Co., Ltd.	117,398,248.54	21,947,957.79
Account payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	69,294,864.46	14,948,871.57
Account payable	Sichuan Changhong Package Printing Co., Ltd.	53,586,920.30	20,626,143.74
Account payable	Sichuan Aichuang Science & Technology Co., Ltd.	38,104,161.55	13,416,872.06
Account payable	Sichuan Changhong Electric Co., Ltd.	35,195,271.65	24,051,245.19
Account payable	Changhong Ruba Electric Company (Private) Ltd.	20,868,161.03	15,632,092.38
Account payable	Changhong International Holdings (Hong Kong) Co., Ltd.	16,914,284.22	17,634,983.97
Account payable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	14,895,592.22	5,027,626.73

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Item	Related party	Ending balance	Opening balance
Account payable	Sichuan Changhong Electronic Products Co., Ltd.	12,612,215.20	2,892,627.07
Account payable	Sichuan Changhong Minsheng Logistics Co., Ltd.	7,770,348.24	1,633,873.17
Account payable	Sichuan Aoku Technology Co., Ltd.	7,590,346.25	8,194,344.79
Account payable	Sichuan Ailink Technology Co., Ltd.	5,774,966.26	2,098,307.00
Account payable	Sichuan Changhong Device Technology Co., Ltd.	3,976,214.72	1,728,816.01
Account payable	Sichuan Changhong Electronic Co., Ltd.	2,292,944.08	1,152,123.68
Account payable	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	429,287.44	670,179.94
Account payable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	322,797.52	754,759.55
Account payable	Sichuan Hongxin Software Co., Ltd.	312,731.89	490,315.10
Account payable	Hefei Changhong Industrial Co., Ltd.	263,441.56	13,283.74
Account payable	Changhong International Holdings Co., Ltd.	134,472.00	99,873.00
Account payable	Sichuan Hongwei Technology Co., Ltd.	45,382.30	
Account payable	Sichuan Changhong New Energy Technology Co., Ltd.	27,120.00	27,120.00
Account payable	Chengdu Guigu Environmental Tech. Co., Ltd	15,743.36	34,717.86
Account payable	Sichuan Zhiyijia Network Technology Co., Ltd.	6,928.31	8,752.84
Account payable	Sichuan Qiruik Technology Co., Ltd.	2,000.00	6,805.20
Account payable	081 Electronic Group Co., Ltd.		53,026.90
Account payable	Sichuan Hongyu Metal Manufacturing Co., Ltd.		14,662.40
Account payable	Sichuan Changhong Electric Holding Group Co., Ltd.		12,932.00
Account payable	Sichuan Changhong Source Co., Ltd.		1,831.62
Account payable	Sichuan Jiahong Industrial Co., Ltd.		300.00
Account payable	Sichuan Zhiyijia Network Technology Co., Ltd.	44,132,996.23	70,485.08
Contract liability	Sichuan Aichuang Technology Co., Ltd.	2,310,280.68	1,961,333.35
Contract liability	Sichuan Changhong Jihuang Lithium Technology Co., Ltd.	1,513,274.34	
Contract liability	Sichuan Changhong Electric Co., Ltd.	480,983.52	447,676.77
Contract liability	Chengdu Guigu Environmental Tech. Co., Ltd	201,719.78	171,499.69
Contract liability	CHANGHONG ELECTRIC MIDDLE EAST FZCO	96,240.43	92,761.51
Contract liability	Yibin Hongxing Electric Co., Ltd.	43,362.83	43,362.83
Contract liability	Sichuan Baikou Technology Co., Ltd.	27,747.79	71,396.02
Contract liability	Sichuan Changhong Minsheng Logistics Co., Ltd.	14,654.86	
Contract liability	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	10,727.89	10,174.94
Contract liability	Sichuan Changhong Electric Holding Group Co., Ltd.	4,495.58	4,495.58
Contract liability	Sichuan Anshifei Technology Co., Ltd.	2,646.19	2,736.19
Contract liability	CHANGHONG(HK)TRADINGLIMITED	927.01	893.51
Contract liability	081 Electronic Group Co., Ltd.	22.61	22.61
Contract liability	Sichuan Changhong International Hotel Co., Ltd	0.88	0.88
Contract liability	Guangyuan Changhong Electric Technology Co., Ltd.	0.03	0.03
Contract liability	Sichuan Changhong Intelligence Manufacturing Technology Co., Ltd.		1,120,221.22

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Item	Related party	Ending balance	Opening balance
Contract liability	Sichuan Qisai Microelectronic Co., Ltd.		65,599.81
Contract liability	Hong Yuan Ground Energy Heat Tech. Co., Ltd		39,343.58
Contract liability	Sichuan Changhong Source Co., Ltd.	Td.	27,300.88
Lease liability	Hefei Changhong Industrial Co., Ltd.	17,296,947.08	17,887,878.62
Lease liability	Sichuan Changhong Electric Co., Ltd.	9,077,555.18	9,129,947.19
Lease liability	Chengdu Changhong Electronic Technology Co., Ltd.	317,874.83	10,468.90
Other payable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	129,278,514.59	80,970,437.14
Other payable	Sichuan Changhong Minsheng Logistics Co., Ltd.	125,262,172.44	111,049,082.37
Other payable	Yuanxin Financial Lease Co., Ltd.	73,326,571.95	79,112,334.67
Other payable	Sichuan Changhong Moulding Tech. Co., Ltd.	2,475,958.28	2,700,501.98
Other payable	Changhong Huayi Compressor Co., Ltd.	1,898,900.00	1,898,900.00
Other payable	Sichuan Zhiyijia Network Technology Co., Ltd.	943,431.90	429,131.05
Other payable	Sichuan Qiruik Technology Co., Ltd.	627,952.88	479,244.80
Other payable	Sichuan Changhong Jijia Fine Co., Ltd.	400,500.00	400,500.00
Other payable	Sichuan Aoku Technology Co., Ltd.	182,352.09	189,859.40
Other payable	Sichuan Hongxin Software Co., Ltd.	149,600.00	160,000.00
Other payable	Sichuan Changhong Intelligence Manufacturing technology Co., Ltd.	109,596.00	255,867.10
Other payable	Sichuan Aichuang Technology Co., Ltd.	100,000.00	100,000.00
Other payable	Sichuan Jiahong Industrial Co., Ltd.	74,316.41	74,316.41
Other payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	68,307.63	46,702.03
Other payable	Sichuan Changhong Electric Appliance Co., Ltd	58,077.66	81,251.02
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	50,000.00
Other payable	CHANGHONG(HK)TRADINGLIMITED	30,238.07	29,808.54
Other payable	Sichuan Changhong Electric Co., Ltd.	22,807.68	38,429.50
Other payable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	497.72	
Other payable	Sichuan Changhong Device Technology Co., Ltd.	229.49	
Other payable	Sichuan Changhong Jineng Sunshine Technology Co., Ltd.		500,000.00
	Total	1,366,566,339.51	621,251,965.88

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".

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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 1,720,534.42 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: Nil

3. Major sales return: Nil

4. Other than the above mentioned events, the Company have no other events occurred after balance sheet date.

XVI. Other significant matters

1. Correction of previous periods and influence: Nil

2. Debt restructuring: Nil

3. Assets replacement: Nil

4. Pension plan: Nil

5. Discontinuing operation: Nil

6. Branch information

In 10 thousand Yuan

Item	Refrigerator , freezer Washing machine	Air- conditione r	Small appliances	Other	Sales in branch	Total
Operation income	485,502.05	706,203.96	97,191.27	18,634.85	24,662.70	1,282,869.43
Including: foreign trade income	481,385.54	706,203.41	87,727.82	7,552.66		1,282,869.43
Income from transactions between divisions	4,116.51	0.55	9,463.45	11,082.19	24,662.70	
Operation expenses	472,638.13	688,555.60	95,515.00	17,199.96	24,555.30	1,249,353.39
Operation profit	12,863.92	17,648.36	1,676.27	1,434.89	107.40	33,516.04
Total assets	1,216,007.82	820,200.11	80,564.22	21,932.82	174,966.00	1,963,738.97
Total liability	693,373.55	672,228.72	56,333.69	7,373.64	31,680.50	1,397,629.10

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Item	Refrigerator , freezer Washing machine	Air- conditione r	Small appliances	Other	Sales in branch	Total
Supplementary information						
Depreciation and amortization expenses	10,874.02	7,276.86	184.46	346.25	-9.00	18,690.59
Capital expenditure	9,479.95	4,785.01	6.34	636.77	0.80	14,907.27

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

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 balance		Bad debt provision		Book value
	Amount	Ratio(%)	Amount	Ratio(%)	
Account receivable that withdrawal bad debt provision by single item	1,105,249,342.00	73.27	41,861,124.25	3.79	1,063,388,217.75
Including: Related party payments	1,068,696,399.28	70.85	40,230,576.04	3.76	1,028,465,823.24
Account receivable with letter of credit	29,214,537.43	1.94			29,214,537.43
Account receivable with single minor amount but withdrawal single item bad debt provision	7,338,405.29	0.48	1,630,548.21	22.22	5,707,857.08
Account receivable withdrawal bad debt provision by portfolio	403,217,048.46	26.73	24,703,168.82	6.13	378,513,879.64
Including: account receivable of engineering customers					
Receivables other than engineering customers	403,217,048.46	26.73	24,703,168.82	6.13	378,513,879.64
Total	1,508,466,390.4600	100.00	66,564,293.07	4.41	1,441,902,097.39

(Continued)

Category	Amount at year-begin				
	Book balance		Bad debt provision		Book value
	Amount	Ratio(%)	Amount	Ratio(%)	
Account receivable that withdrawal bad debt provision by single item	96,219,951.36	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

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Category	Amount at year-begin				Book value
	Book balance		Bad debt provision		
	Amount	Ratio(%)	Amount	Ratio(%)	
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

1) Provision for bad debts of account receivable on an individual basis

Account receivable with single minor amount but withdrawal bad debt provision singly, refers to the minor single receivables, and withdrawal bad debt provision by combination shows no risk characteristic of the receivables, Involving 5 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)	353,638,356.01	3,536,383.56	1.00
Over 3 months and within 6 months (6 months included)	12,404,287.97	1,240,428.80	10.00
Over 6 months and within one year (One year included)	12,520,976.40	2,504,195.28	20.00
over one year-within two years (2 years included)	10,233,287.30	5,116,643.65	50.00
Over 2 years - within 3 years (3 years included)	10,573,116.23	8,458,492.98	80.00
Over 3 years	3,847,024.55	3,847,024.55	100.00
Total	403,217,048.46	24,703,168.82	

(Continued)

Account age	Amount at year-begin		
	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

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Account age	Amount at year-begin		
	Book balance	Bad debt	Accrual ratio (%)
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)ounts receivable are listed according to age

Account age	Ending balance	Opening balance
Within 3 months(3 months included)	1,400,023,662.94	1,100,472,354.68
Over 3 months and within 6 months (6 months included)	24,413,925.00	30,307,002.60
Over 6 months and within one year (One year included)	15,376,529.56	18,031,084.91
over one year-within two years (2 years included)	27,902,191.83	31,469,257.52
Over 2 years - within 3 years (3 years included)	22,018,705.75	8,570,995.44
Over 3 years	18,731,375.38	16,093,304.66
Total	1,508,466,390.46	1,204,943,999.81

(3) Bad debt reserves of the account receivable

Category	Opening balance	Amount change in the period			Ending balance
		Accrual	Collected or switch back	Resale or write-off	
Bad debt provision	59,382,230.76	8,206,278.76	1,024,216.45		66,564,293.07
Total	59,382,230.76	8,206,278.76	1,024,216.45		66,564,293.07

(4) Top 5 balance of account receivable aggregated by the debtor at end of the period amounted to 1,090,440,502.07 yuan, accounted for 72.29% of the receivables at balance of current period-end, the bad debt provision amounted as 42,918,045.45 yuan.

(5) Receivables derecognized due to the transfer of financial assets: 226,278,804.14 yuan

(6) There are no receivables and the amount of assets and liabilities formed by continued involvement

2. Other account receivable

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Item	Ending balance	Opening balance
Other account receivable	63,707,764.31	29,903,408.82
Total	63,707,764.31	29,903,408.82

(1) By nature

Nature	Ending book balance	Opening book balance
Export tax refund	42,265,562.52	12,703,975.11
Cash deposit	3,178,111.92	2,528,111.92
Loans of employee's pretty cash	9,473,382.65	7,342,858.38
Related party in consolidation statement	8,477,042.98	5,162,387.15
Related party not in consolidation statement	200,000.00	42,202.32
Other	163,664.24	2,173,873.94
Total	63,757,764.31	29,953,408.82

(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. 2023			50,000.00	50,000.00
Book balance of other account receivable in Current Period as at 1 Jan. 2023	—	—	—	—
--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				
Write off in Current Period				
Other change				
Balance as at 30 Jun. 2023			50,000.00	50,000.00

(3) By account age

Account age	Ending balance	Opening balance
Within 3 months (3 months included)	52,052,552.91	24,770,884.16

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Account age	Ending balance	Opening balance
Over 3 months and within 6 months (6 months included)	4,134,632.73	261,521.34
Over 6 months and within one year (One year included)	2,741,889.54	536,189.02
over one year-within two years (2 years included)	1,344,211.92	1,445,151.00
Over 2 years - within 3 years (3 years included)	1,274,685.31	1,360,620.00
Over 3 years	2,209,791.90	1,579,043.30
Total	63,757,764.31	29,953,408.82

(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	42,265,562.52	Within 3 months	66.29	
Unit II	Related party payment	4,881,959.03	Within 1 year	7.66	
Unit III	Related party payment	2,832,349.94	Within 1 year	4.44	
Unit IV	Petty cash	1,433,682.65	Within 3 months, 3-6 months, 2-3 years	2.25	
Unit V	Petty cash	1,195,854.22	Within 3 months	1.88	
Total		52,609,408.36		82.52	

(5) There are no receivables involving government subsidies

(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

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	42,652,000.00		42,652,000.00	42,652,000.00		42,652,000.00

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Item	Ending balance			Opening balance		
	Book balance	Impairment loss	Book value	Book balance	Impairment loss	Book value
Technology Co., Ltd						
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
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 Co., Ltd.	14,092,147.64		14,092,147.64	19,899,176.44		19,899,176.44
Sichuan Zhiyijia Network Technology Co., Ltd.	61,774,515.29		61,774,515.29	51,850,179.61		51,850,179.61
Total	1,860,476,731.21		1,860,476,731.21	1,856,359,424.33		1,856,359,424.33

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(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 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		
Hefei Changhong Meiling Life Appliances Co., Ltd.	35,000,000.00			35,000,000.00		
Total	1,784,610,068.28			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		

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

From 1 January 2023 to 30 June 2023

(Unless other wise specified, RMB for record in the Statement)

Hefei Xingmei Assets Management Co., Ltd.	19,899,176.44			-13,428.80		5,793,600.00		14,092,147.64
Sichuan Zhiyijia Network Technology Co., Ltd.	51,850,179.61			11,553,358.32		1,629,022.64		61,774,515.29
Total	71,749,356.05			11,539,929.52		7,422,622.64		75,866,662.93

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(Unless other wise 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	4,122,655,653.51	3,763,651,668.97	3,030,603,503.85	2,834,190,544.57
Other business	216,043,888.41	191,302,905.28	245,902,657.62	226,413,800.95
Total	4,338,699,541.92	3,954,954,574.25	3,276,506,161.47	3,060,604,345.52

(2) Main business - Classified according to product

Product	Current Period		Last Period	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator, freezer	3,480,438,269.96	3,192,961,299.81	2,609,364,481.40	2,442,998,402.01
air conditioner	5,672,858.41	5,668,106.85	4,106,663.74	3,945,682.66
Washing machine	527,176,164.12	463,485,427.18	302,517,846.03	283,311,449.87
Small household appliances and kitchen and bathroom	109,368,361.02	101,536,835.13	114,614,512.68	103,935,010.03
Total	4,122,655,653.51	3,763,651,668.97	3,030,603,503.85	2,834,190,544.57

(3) Main business - Classified according to region

Region	Current Period		Last Period	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	2,304,813,166.36	2,201,311,740.92	2,085,203,000.95	1,955,621,293.70
Overseas	1,817,842,487.15	1,562,339,928.05	945,400,502.90	878,569,250.87
Total	4,122,655,653.51	3,763,651,668.97	3,030,603,503.85	2,834,190,544.57

Top five clients in sales revenue amounted as 2,263,976,745.57 yuan, a 52.18% in total operation income.

5. Investment income

Item	Current Period	Last Period
Long-term equity investment income by Cost method	50,826,032.53	36,720,000.00
Long-term equity investment income by equity method	11,539,929.52	5,509,596.07
Investment income obtained from disposal of trading financial assets	-8,577,708.50	1,530,699.78
Investment income of other non-current financial assets during holding period	11,409,029.33	76,200.80
The termination of income recognition for financial assets measured by amortized cost	-4,223,097.22	-1,663,033.71

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From 1 January 2023 to 30 June 2023

(Unless other wise specified, RMB for record in the Statement)

Item	Current Period	Last Period
Interest income from debt investment during the holding period	7,402,220.09	5,356,708.33
Total	68,376,405.75	47,530,171.27

XVIII. Approval of financial statement

The financial statement has already been approved from the board of directors of the Company for reporting dated August 16,2023.

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

From 1 January 2023 to 30 June 2023

(Unless other wise specified, RMB for record in the Statement)

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		
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)	28,162,261.54	
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	-59,214,422.03	
Reversal of the account receivable depreciation reserves subject to separate impairment test	3,588,165.07	
Other non-operating income and expenses other than the above	7,689,220.58	
Subtotal	-19,774,774.84	
Less: impact on income tax	-854,743.24	
Impact on minority shareholders' equity (post-tax)	5,014,967.48	
Total	-23,934,999.08	—

2. Return on equity and earnings per share

Profit during the report period	Weighted average return on equity	Earnings per share/EPS (RMB/Share)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the parent company	6.69%	0.3477	0.3477
Net profit attributable to ordinary shareholders of the parent company after deduction of the non-recurring gains/losses	7.14%	0.3709	0.3709

Wu Dinggang

Changhong Meiling Co., Ltd.

August 18, 2023