



**CHANGHONG MEILING CO., LTD.**

**Semi-Annual Report 2018**

**August 2018**

## Section I. Important Notice, Contents and Paraphrase

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. Li Wei, person in charge of the Company, Mr. Pang Haitao, person in charge of accounting work and Mr. Luo Bo, person in charge of accounting organ (accountant in charge) hereby confirm that the Financial Report of 2018 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 on deliberating the Report on site and by communication.

Modified audit opinions notes

Applicable     Not applicable

Risk warning of 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 IV Discussion and Analysis of the Operation”, investors are advised to read the relevant content.

Securities Times, China Securities Journal, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn) are the media for information disclosure for year of 2018 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 and senior executives of the Company respectively signed Written Confirmation Opinions for 2018 Semi-Annual Report.

Supervisory Committee of the Company formed Written Examination Opinions for 2018 Semi-Annual Report.

## Contents

<b>Section I. Important Notice, Contents and Paraphrase.....</b>	<b>1</b>
<b>Section II Company Profile and Main Financial Indexes.....</b>	<b>5</b>
<b>Section III Summary of Company Business .....</b>	<b>9</b>
<b>Section IV. Discussion and Analysis of the Operation.....</b>	<b>16</b>
<b>Section V. Important Events.....</b>	<b>38</b>
<b>Section VI. Changes in shares and particular about shareholders.....</b>	<b>80</b>
<b>Section VII. Preferred Stock.....</b>	<b>87</b>
<b>Section VIII. Particular about Directors, Supervisors and Senior Executives .....</b>	<b>88</b>
<b>Section IX Corporate Bond .....</b>	<b>89</b>
<b>Section X. Financial Report.....</b>	<b>90</b>
<b>Section XI Documents available for Reference.....</b>	<b>230</b>

### Paraphrase

Items	Refers to	Contents
Company, the Company, Changhong Meiling	Refers to	Changhong Meiling Co., Ltd.
Sichuan Changhong or controlling shareholder	Refers to	Sichuan Changhong Electric Co., Ltd.
Changhong Group	Refers to	Sichuan Changhong Electronics Holding Group Co., Ltd.
Hong Kong Changhong	Refers to	CHANGHONG (HK) TRADING LIMITED
Meiling Group	Refers to	Hefei Meiling Group Holdings Limited
Industry Investment Group	Refers to	Hefei Industry Investment Holding (Group) Co., Ltd.
Shine Wing	Refers to	Shine Wing Certified Public Accountants (LLP)
Changhong Air-conditioner	Refers to	Sichuan Changhong Air-conditioner Co., Ltd.
Zhongke Meiling	Refers to	Zhongke Meiling Cryogenic Technology Co., Ltd.
Jiangxi Meiling	Refers to	Jiangxi Meiling Electric Appliance Co., Ltd.
Changhong Ridian	Refers to	Guangdong Changhong Ridian Technology Co., Ltd.
Zhongshan Changhong	Refers to	Zhongshan Changhong Electric Co., LTD
Changmei Technology	Refers to	Changmei Technology Co., Ltd.
Changhong Huayi	Refers to	Changhong Huayi Compressor Co., Ltd.
Meiling CANDY	Refers to	Meiling CANDY Washing Machine Co., Ltd.
Candy Group	Refers to	Candy Hoover Group S.r.l.
CSRC	Refers to	China Securities Regulatory Commission
Anhui Securities Bureau	Refers to	China Securities Regulatory Commission, Anhui Province Securities Regulatory Bureau
SSE	Refers to	Shenzhen Stock Exchange

## Section II Company Profile and Main Financial Indexes

### I. Company profile

Short form of the stock	MEILINGDIANQI, WANMEILING-B	Stock code	000521, 200521
Short form of the Stock after changed (if applicable)	Changhong Meiling, Hongmeiling B		
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	Li Wei		

### II. Person/Way to contact

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

### III. 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 2017

#### (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 2017.

### (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 +/-
Operating income (RMB)	9,271,509,569.67	8,517,794,193.10	8.85%
Net profit attributable to shareholders of the listed company(RMB)	50,684,231.73	92,075,039.77	-44.95%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-6,600,101.83	66,905,338.98	-109.86%
Net cash flow arising from operating activities(RMB)	160,489,361.06	484,230,697.91	-66.86%
Basic earnings per share (RMB/Share)	0.0485	0.0881	-44.95%
Diluted earnings per share (RMB/Share)	0.0485	0.0881	-44.95%
Weighted average ROE	1.00%	1.79%	0.79 percentage points down
	End of current period	End of last year	Changes +/-
Total assets (RMB)	17,485,565,133.30	15,961,511,966.81	9.55%
Net assets attributable to shareholder of listed company (RMB)	5,031,662,984.03	5,051,066,095.31	-0.38%

## 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.

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

Applicable     Not applicable

In RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Current period	Last period	Period-end	Period-begin
Chinese GAAP	50,684,231.73	92,075,039.77	5,031,662,984.03	5,051,066,095.31
Items and amount adjusted by foreign accounting rules				
Foreign accounting rules	50,684,231.73	92,075,039.77	5,031,662,984.03	5,051,066,095.31

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 extraordinary profit (gains)/loss

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)	3,283,766.57	Found more in ‘income from assets disposal’



Governmental subsidy reckoned into current gains/losses, not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's normal business	46,107,868.54	Found more in "other income", "non-operating income"
Held transaction financial asset, gains/losses of changes of fair values from transaction financial liabilities, and investment gains from disposal of transaction financial asset, transaction financial liabilities and financial asset available for sales, exclude the effective hedging business relevant with normal operations of the Company	11,632,885.79	Found more in "Gain/loss of changes in fair value", "investment income"
Switch-back of provision of impairment of account receivable which are treated with separate depreciation test	1,486,361.71	Found more in "Account receivable"
Other non-operating income and expenditure except for the aforementioned items	3,816,311.33	Found more in "non-operating income & expenditure"
Less: impact on income tax	8,548,674.56	--
Impact on minority shareholders' equity (post-tax)	494,185.82	--
Total	57,284,333.56	--

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

Applicable    Not applicable

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

## Section III Summary of Company Business

### I. Main businesses of the Company in the reporting period

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

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 ice, washing, air, kitchen and bath, small household appliances and others, at the same time, the company enters into the fresh e-business, bio-medical and other new industrial fields.

Over the past 30 years, the Company has always been adhering to the "independent innovation, created in China", and always focus on refrigeration industry without stop, elaborately building the core competitiveness of enterprises by technological innovation and product innovation. The company has set up the first RoHS public testing center in Anhui Province, the state-level enterprise technology center and the top-end R & D team, so that Meiling can continue to achieve breakthrough results in the variable frequency, intelligence, retain freshness, energy-saving, forced air cooling, deep cooling and other fields. In recent years, the company has won three national-level honors such as the Smart Refrigerator Intelligent Manufacturing Pilot Demonstration Project, the National Green Factory, and the National Industrial Design Center. At the same time, a number of Meiling products entered the national green product list and won numerous domestic and international innovation awards, which once again highlighted the capabilities and strengthen of intelligent innovation technologies of Meiling Intelligent Manufacturing and Meiling brand.

In recent years, driven by the industry transformation and upgrades and consumption upgrades, the Company has adhered to the strategy of smart and variable frequency products, promoted the Company's products to transform and upgrade to become intelligent and high-end and comprehensively enhanced the competitiveness of products in the industry by grasping the opportunities of "fresh-keeping" and energy efficiency upgrades and effectively resolving the pain points of customers. Under the guidance of the "intelligent" strategy, as early as 2014, the Company has released the industry-leading CHiQ series of smart refrigerators and air-conditioning products; in 2016, the Company took the lead in launching the industry's "Smart Home Eco-system Project" and launched the world's first free-to-order internet of things refrigerator in the temperature zone (CHiQ's second-generation "Space Smart" refrigerator) and the world's first user-customized intelligent air housekeeper (CHiQ smart air housekeeper), and realized the continuous implementation of the Company's smart strategy. At the same time, in order to seize the opportunity of energy efficiency upgrades and consumption upgrades, since the Company launched the "All

People Change for Variable Frequency” campaign in 2015, the share of variable frequency products has continued to increase due to its advantages in the application of variable frequency technology. In addition, in order to return to the nature of the “fresh-keeping” of refrigerators and effectively solve the pain points of users, the Company launched its “M Fresh Life” series of refrigerators equipped with water molecule activation and preservation technology in 2017 for the first time in the world. “M Fresh Life” has become not only a new starting point for the Company to transform to the high-end consumer market, but also a concrete measure for the Company’s continuous improvement of product quality, taste and brand.

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

In reporting period, main income of the Company coming from refrigerator (freezer), air conditioner, washing machine, kitchen & toilet and small home appliances products, total amounting to 8,757.1435 million Yuan, a 94.45% of the operating income.

## II. Major changes in main assets

### (i) Major changes in main assets

Major assets	Note of major changes
Equity assets	No major changes
Fixed assets	No major changes
Intangible assets	No major changes
Construction in progress	construction in progress have more investment from parent company and subsidiary Changhong Air-conditioner in the period
Investment real estate	Investment real estate from subsidiary Zhongke Meiling increased in the period

### (ii) 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	Whether exist significant
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							the Company	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	1,528,637.10	0.78%	N
40% equity of Changhong Ruba Electric Company(Pri vate)Ltd.	Investment establishment	US\$ 6.976 1 million	Pakistan	Manuf acture	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	-6,345,139.13	0.38%	N
100% equity of PT.CHANGH ONG MEILING ELECTRIC INDONESIA	Investment establishment	US\$ 6 million	KELAPA GADING, JKT, Indonesia	Sales	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media (No. 2016-027 and No. 2016-033) on 25 March 2016	-2,518,894.77	0.54%	N
Other notes	N/A							

### III. Core Competitiveness Analysis

Does the Company need to comply with disclosure requirements of the special industry?

Yes      No

#### (i) Brand capacity

The Company is one of the famous home appliances manufacturers in China, owns several product lines such as refrigerator, freezing box, air conditioner, washing machine and small appliances. Meiling trademark is listed as one of the most valuable brands in China. Since 2014, the

Company released CHiQ intelligent first and second generation refrigerator, AC and intelligent air steward in succession. And creating a high-end intelligent brand image around the plan of “Wisdom Home Ecosystem” for opening a white intelligence era. While in order to enhance the brand image and further expand the market influence of the brand, the company held a conference for "New LOGO release and offline of the 10th million set of frequency conversion products" in October 2015, comprehensively updated LOGO "MELNG 美菱", and launched the new brand proposition of "Meiling, let the good come". Along with the release of new LOGO, Meiling will also implement a brand strategy of "Good Trilogy", including the direct sensory experience of “experience the good”, the spirit soul enjoyment of “enjoy the good”, and the lifestyle faith of “believe in the good”. Moreover, under the boost of consumption upgrades, in November 2017, the Company launches an “M -Fresh” refrigeration with the “water molecules activating technology”, return to essence of the refrigerator and set off the revolution of fresh-keeping in industry.

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

#### **(ii) Product capacity**

In more than 30 years, the Company has been focusing on the refrigeration industry, has developed a variety of different types of refrigerator products, including three serial produces as “MELNG 美菱, CHiQ and Athena”. Mainly include the “M Fresh Life” series fresh-keeping refrigerators equipped with water molecule activation and fresh-keeping technology, Jingdong smart large-screen 570 series refrigerators, CHiQ series high-end intelligent refrigerators and air conditioners, 0.1-degree double-precision variable frequency refrigerators, European 540-wide series air-cooled products, 106DTB series freezer with new appearance and thin door, YC-365L low-temperature & medical refrigerator and so on; in particular, the “M-Fresh Life” series fresh-keeping refrigerators that the Company has latest released return to the essence of the refrigerator, by virtue of the Company’s water molecule activation fresh-keeping technology, change passive fresh-keeping to active fresh-controlling, change from variable frequency temperature control and intelligent interaction to intelligent fresh-controlling, activate water molecules, generate resonance force, fission force, and penetrating power so as to thoroughly solve the problems of traditional refrigerators such as short preservation time, much thawed water, and poor preservation in bags.

The Company owned advanced development and quality assurance systems, and received certification of ISO9001, ISO14001 and OHSAS18001 from domestic and overseas authorities. The products of the Company have good quality and reliable capacities. As for technology development, the Company owned national technology centers, and advanced core technologies in energy-saving,

intelligence, air cooling, fresh-keeping, frequency conversion and copious cooling. As for product development, combine the R&D results and consumption upgrading demand, the Company renewal its outline of product planning and development for the year, products structure is escalating. Putting more efforts on the middle & high-end products in field of air patenting, large-size, frequency conversion, intelligence and fresh-keeping, developing core products with competitive, the product has obvious upgrade in structures.

As for the air conditioning products, the Company adheres to the technical strategy by taking intelligence and variable frequency as the core, intensively studies the human state perception technology and intelligent interactive technology, focuses on completing the research and development of intelligent voice recognition technology and productization, successively releases the CHiQ serial air conditioner and CHiQ smart air housekeeper based on "human state perception" technology. The frequency conversion technology focuses on the comfort and energy saving of air conditioners, puts priority on the fourth generation technology platform development of precision temperature control which takes PMV comfort control model as the core, and the company has successively released the frequency conversion and energy-saving leading, comfortable and energy-saving series products.

In terms of washing machine, the Company has actively developed the core technology of Meiling washing machines, upgraded its product lineup, continuously laid out the large-scale washing and drying integration, and innovated the era of drum-type healthy washing. The Company has developed and launched a series of drum-type washing machines, including Meiling 520 Zhenrui washing and drying series front loading washing machines and Meiling vortex full-automatic drum-type washing machine series with light luxury gold appearance, large capacity and high efficient washing and drying technology, a number of patented technologies, and high efficient and environmental protection and energy saving configuration, especially the XQB80-19BPLQ1 and MB80-19PZLGX series variable frequency washing machines use DD (direct drive) variable frequency motor which provides more precise control, less energy loss, less noise, and longer life. The industry-leading vortex washing technology is applied to reduce the residue of washing liquid, rinse more cleanly, and protect clothes better.

In terms of kitchen appliance products, the Company has taken the concept of "smart kitchen" as the mainline, focused on the core business to create competitive industries, and achieved a full coverage of kitchen and bath and household appliances. Under the guidance of the Company's intelligence and variable frequency product strategy, the Company has developed and released EQ21 series intelligent kitchen ventilator with integration of intelligent control, smoke and stove linkage, and large air volume, tankless integrated water purifier, cloud intelligent remote control series intelligent electric water heaters and intelligent gas water heaters, as well as the kitchen ventilator with DC inverter technology, and the QK intelligent smoke machine as well as the Internet of Things of the kitchen ventilator supporting Wi-Fi. In addition, with the advent of the

Company's independently developed plasma-disinfected dishwasher, the dishwasher category has enjoyed core technologies in the segmented industries.

In terms of cryogenic products, the Company has continued to increase R&D investment and promote the upgrading of technologies and products. The Company's existing ultra low freezer, plasma blaster freezer, blood bank refrigerator, medical refrigerator, combined refrigerator & freezer and medical freezer and other biomedical products have been widely used in medical and health, disease control and epidemic prevention, blood systems, research institutes, bio-pharmaceutical, genetic engineering and life sciences and other fields. Especially in ultra low products, the Company has the  $-40\text{ }^{\circ}\text{C} \sim -164\text{ }^{\circ}\text{C}$  ultra-low freezer storage tank with the largest volume, the widest temperature zone, and mute design in the world.

The Company insisting on the two products strategy as intelligence and frequency conversion, with follow-up R&D of the intelligence and frequency conversion, promoting products of the Company leading in high-end ; meanwhile, the company improves the manufacturing efficiency and product quality and enhances product competitiveness by comprehensively implementing intelligent upgrading and rebuilding to all production lines.

### **(iii) Operation capacity**

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

### **(iv) Marketing ability**

The company has established a relatively complete sales network and service system, of which, the domestic sales channels emphasizing online and offline collaboration and integration, through the business operation mode system construction (target management, value chain management, sales promotion, product mix and channel strategy, etc.) and promotion, the pace of business constantly tends to be benign, has a balanced development in chain, wholesale, e-commerce and other channels, and the product competitiveness has been improved; At the same time, the company has actively explored the overseas markets, and the customer structure and product structure have been optimized and upgraded by increasing the investment in overseas marketing agencies, research and development bases, production bases, and by cooperating with internationally renowned home appliance brands and distributors, at present, the company's products are exported to more than 130 countries and regions.

During the reporting period, in order to allow more users to enjoy the quality experience brought by the company's "M Fresh Life" series refrigerators, the company launched the activity of "M Fresh Life is Free of Charge if Belgium Takes the Crown". When Belgium reached the quarter-finals, the company quickly organized and carried out the activity of "M Fresh Life is enjoys20%off as Belgium Reached the Quarter-Finals" to return cash on site to all the consumers previously participated in the activity at the main venue in Beijing and 33 branch venues throughout the country, which not only won the high recognition of consumers and greatly enhanced the brand vitality of the company, but also further deepened the competitiveness of the "M Fresh Life" series products and expanded the influence of the company's high-end products.



## Section IV. Discussion and Analysis of the Operation

### I. Introduction

In the first half of 2018, the global economy encountered more and more risks and difficulties, the growth of major economies slowed down, the inflation rose, and the cycle of tightening monetary policy began. At the same time, trade protectionism was on the rise. Overall, the global economic situation in the first half of 2018 has weakened compared to 2017, and the external environmental disadvantages faced by China have increased. In this context, the domestic appliance industry is facing the impact of rising raw material costs, terminal market saturation, real estate regulation and other factors. In the new normal of home appliances, the competition in the home appliance industry becomes increasingly fierce, and innovation and breakthroughs become the key to be bigger and stronger.

In the first half of 2018, under the strategic guidance of “Meiling Dream” and “Double Three One Core”, the Company insisted on the operating principle of “product leading, marketing transformation, efficiency promotion and team activation”, We has achieved operating income of RMB 9.272 billion, an increase of 8.85% on a year-on-year basis; net profit attributable to the parent company of RMB 50.6842 million, a decrease of 44.95% on a year-on-year basis.

### II. Main Business Analysis

#### (i) Overview

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

Yes  No

#### 1. Introduction

In first half of 2018, refrigerator and freezer business achieved revenue of approximately RMB 3.684 billion, 0.75% decreased on a y-o-y basis; air-conditioning business achieved revenue of approximately RMB 4.378 billion, 14.29% up y-o-y; washing machine business achieve revenue around RMB 0.246 billion, with year-on-year growth of 8.19 %; other business of small home appliance and kitchen & toilet products have revenue approximately as RMB 0.449 billion with 23.61% up y-o-y. At the same time, revenue from exportation gains RMB 2.175 billion, a y-o-y growth of 2.59%.

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

During the reporting period, in accordance with the development strategy and operating

principles of 2018, the Company has deployed the annual business plan, arranged the production and management, and carried out the following activities:

**(1) Product leading:**

In the first half of 2018, the company completed the listing of a variety of “M fresh Life” refrigerator (freezer) products which further promoted the upgrades of the company’s refrigerator (freezer) products, made good market performance, and achieved high recognition from consumers. At the same time, the sales volume of the company’s CHIQ refrigerator increased by 21.0% on a year-on-year basis, and the sales volume of CHIQ air-conditioner increased by 27.3% on a year-on-year basis, and the market influence of intelligent high-end products was promoted significantly. In addition, the company improved the quality of high-end products through the establishment of high-end product quality refinement standards and evaluation indicators, and achieved an overall upgrade of products through the continuous propulsion of “five -ization and two easy” project and the “quality, taste and brand” promotion project.

**(2) Marketing transformation:**

Domestic marketing: Further consolidated and promoted the market position of the company’s products through the e-commerce transformation, value transformation, channel transformation, and organizational transformation of traditional business.

From the offline market sales, CMM’s data showed that the retail sales of refrigerator industry declined by 1% on a year-on-year basis, but the retail sales of the company’s refrigerator rose by 4.09% on a year-on-year basis; the retail sales of freezer industry rose by 4.04% on a year-on-year basis, and the retail sales of the company’s freezer rose by 16.5% on a year-on-year basis; the retail sales of air-conditioner industry rose by 6.76% on a year-on-year basis, and the retail sales of the company’s air conditioner rose by 4.04% on a year-on-year basis; the retail sales of washing machine industry declined by 0.89% on a year-on-year basis, but the retail sales of the company’s washing machine rose by 1.98% on a year-on-year basis.

From the online sales, the online sales of the company’s refrigerators and air conditioner further expanded the results. According to AVC’s data, the retail sales of refrigerator industry rose by 49.24% on a year-on-year basis, and the retail sales of the company’s refrigerator rose by 33.32% on a year-on-year basis; the retail sales of freezer industry rose by 52.49% on a year-on-year basis, and the retail sales of the company’s freezer rose by 26.15% on a year-on-year basis; the retail sales of air-conditioner industry rose by 49.41% on a year-on-year basis, and the retail sales of the company’s air conditioner rose by 31.70% on a year-on-year basis.

Overseas marketing: Through the transformation from pursuing scale to pursuing both scale and profit, the transformation from traditional business model to emerging business model, and the transformation from order driving to market driving, the product structure has been gradually

improved, and the proportion of overseas air-cooled refrigerators has exceeded 15%, the proportion of medium and high-end air-conditioning products is also increasing, and the profitability of export products is improving significantly.

### (3) Efficiency promotion:

The company's comprehensive competitiveness in terms of the market unit price, quality improvement and efficiency improvement has been promoted by taking benchmarking management activities as the starting point, and the manufacturing efficiency has been improved by promoting the "less people project". In terms of cost reduction, significant achievements have been made through design cost reduction, process cost reduction, and procurement cost reduction. In the first half of the year, the company also carried out the special investigation and management activities to manage the "leakage and venting", and improved the efficiency through management improvement and project improvement, and improved the organizational efficiency by promoting the construction of "responsibility" system.

### (4) Team activation

Inspire the business teams' vitality through the innovative incentive mechanism design (medium and long-term incentive plan, annual performance share plan, and performance culture); continue to publicize, train, propagate and guide the corporate culture, precipitate the corporate culture, and promote the organizational atmosphere.

## (II) Year-on-year changes of main financial data

In RMB

	Current period	Same period of last year	y-o-y changes (+,-)	Reasons for changes
Operation revenue	9,271,509,569.67	8,517,794,193.10	8.85%	-
Operation cost	7,758,153,561.09	6,996,226,048.85	10.89%	-
Sales expenses	1,189,741,101.32	1,140,172,032.08	4.35%	-
Administrative expenses	241,775,084.33	222,533,091.74	8.65%	-
Financial cost	-13,460,027.93	-33,454,482.67	59.77%	Interest expenditure increased from a year earlier and interest income declined on a y-o-y basis in the period
Income tax expense	10,150,948.29	9,439,557.86	7.54%	-
R&D expenses	213,754,469.95	184,681,025.99	15.74%	-
Net cash flow arising from operation activities	160,489,361.06	484,230,697.91	-66.86%	Commodity purchased increased and note payable on due on a y-o-y growth in the period
Net cash flow arising from investment	-1,346,880,950.63	-564,891,050.65	-138.43%	Principal for entrust financing received in the period decreased from a year earlier

activities				and the principal paid for entrust financing increased on a y-o-y basis
Net cash flow arising from financing activities	-139,977,892.27	911,251,695.82	-115.36%	Loans payment increased from a year earlier in the period
Net increase of cash and cash equivalent	-1,323,521,745.98	823,360,098.63	-260.75%	Same reason as “Net cash flow arising from investment activities” and “Net cash flow arising from financing activities”
Financial assets measured by fair value and with its variation reckoned into current gain/loss	25,071,423.11	15,646,731.48	60.23%	Change of the fair value in forward foreign exchange contract in the period
Note receivable	2,823,082,096.04	2,074,648,484.36	36.08%	More sales in the period and outstanding note receivables increased in the period
Interest receivable	1,693,400.99	4,692,303.18	-63.91%	The interest on time deposits accrual previously has received by subsidiary Zhongshan Changhong in the period
Non-current assets due within one year	-	44,497,902.00	-100.00%	The time deposits which re-classified as “Non-current assets due within one year” has received by subsidiary Zhongshan Changhong in the period
Other current assets	1,955,160,840.92	801,894,930.97	143.82%	The parent company’s entrust financing amount before maturity at end of the period
Investment real estate	31,984,052.33	9,569,711.72	234.22%	Investment real estate from subsidiary Zhongke Meiling increased in the period
Construction in progress	348,427,423.70	174,857,717.15	99.26%	Construction in progress from parent company and subsidiary Changhong Air-conditioner increased in the period
Long-term amortization expenses	1,652,664.54	3,635,861.94	-54.55%	Amortization of the long-term amortization expenses from subsidiary Changhong Air-condition in the period
Financial liability measured by fair value and with its variation reckoned into current gain/loss	44,249,602.74	16,034,000.00	175.97%	Change of the fair value in forward foreign exchange contract in the period
Account payable	4,135,935,489.96	2,869,886,049.19	44.11%	Material purchasing increased in the period
Dividend payable	55,793,659.91	2,890,364.80	1830.33%	Dividend payables are not paid yet in the

				period
Non-current liability due within one year	264,293,857.23	46,454,376.68	468.93%	The long-term loans are re-classified in the period
Long-term loans	2,520,000.00	253,160,000.00	-99.00%	Same reason as “Non-current liability due within one year”
Deferred income tax liability	709,021.19	-	100.00%	Deferred income tax liability from subsidiary Changhong Air-conditioner increased in the period
Other comprehensive income	-14,255,671.73	-7,262,322.02	-96.30%	Change of the foreign currency rate from overseas subsidiary in the period
Assets impairment loss	18,938,120.65	45,493,272.74	-58.37%	Accrual of bad debts for receivables declined in the period
Changing income of fair value	-18,790,911.11	-10,359,085.30	-81.40%	Change of the fair value in forward foreign exchange contract in the period
Investment income	14,749,419.09	23,593,349.66	-37.48%	Benefits from settlement of forward foreign exchange contracts and investment income for parts of the affiliates/ joint ventures declined from a year earlier
Investment income on affiliated company and joint venture	-15,674,377.81	-3,226,328.17	-385.83%	Investment income for parts of the affiliates/ joint ventures declined from a year earlier
Income from assets disposal	3,283,766.57	-11,098,098.67	129.59%	Income from assets disposal increased from a year earlier
Other income	48,561,057.62	23,763,000.16	104.36%	Government subsidiary with routine activity concerned increased in the period
Non-operating revenue	4,082,102.58	742,308.82	449.92%	Settlement of case are received by parent company in the period
Minority's gain/loss	2,324,332.99	6,019,661.62	-61.39%	Gains from parts of the non-wholly-owned subsidiary declined from a year earlier

### (iii) 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

### (iv) Constitution of main business

In RMB

	Operating revenue	Operating cost	Gross profit	Increase or decrease of	Increase or decrease of	Increase or decrease of
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			ratio	operating revenue over same period of last year	operating cost over same period of last year	gross profit ratio over same period of last year
According to industries						
Manufacture of household appliances	8,757,143,510.24	7,281,761,791.71	16.85%	7.67%	9.57%	-1.44%
According to products						
Refrigerators, freezers	3,684,406,463.15	3,058,028,464.57	17.00%	-0.75%	1.21%	-1.61%
Air conditioning	4,377,900,401.60	3,651,494,563.49	16.59%	14.29%	15.66%	-0.99%
Washing machine	245,765,756.90	194,685,123.72	20.78%	8.19%	9.77%	-1.14%
Small appliances & kitchen & bath	342,326,803.66	289,208,295.28	15.52%	29.57%	26.16%	2.29%
Others	106,744,084.93	88,345,344.65	17.24%	7.71%	45.22%	-21.37%
According to region						
Domestic	6,582,227,391.77	5,265,836,158.39	20.00%	9.46%	13.30%	-2.71%
Foreign	2,174,916,118.47	2,015,925,633.32	7.31%	2.59%	0.88%	1.57%

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

√ Applicable    □ Not applicable

In RMB

	Amount	Ratio in total profit	Note	Whether be sustainable (Y/N)
Investment income	14,749,419.09	23.35%	Income from financial services	N
Changes in fair value	-18,790,911.11	-29.75%	Loss from fair value changes of the forward foreign exchange contract	N
Asset impairment	18,938,120.65	29.98%	Receivable bad debt accruals in the period	N
Non-operating income	4,082,102.58	6.46%	Settlement of case are received by parent company in the period	N
Non-operating expense	40,791.25	0.06%	The Amercement outlay in the period	N
Income from assets disposal	3,283,766.57	5.20%	Scrapping assets disposed in the period	N
Other income	48,561,057.62	76.89%	Government subsidy received in the period	N

### IV. Assets and liability

## (i) Major changes of assets composition

In RMB

	End of current period		Same period of last year		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	3,932,190,042.36	22.49%	4,918,185,647.77	29.47%	-6.98%	Entrust financing from parent company increased in the period
Account receivable	2,070,276,216.71	11.84%	2,048,332,541.11	12.27%	-0.43%	No major changes
Inventory	3,421,144,669.90	19.57%	2,582,538,614.47	15.47%	4.10%	Increased with the product sales scale growth in the period
Investment real estate	31,984,052.33	0.18%	12,871,340.33	0.08%	0.10%	No major changes
Long-term equity investment	72,461,723.36	0.41%	90,247,745.70	0.54%	-0.13%	No major changes
Fix assets	1,490,510,897.78	8.52%	1,214,541,611.12	7.28%	1.24%	No major changes
Construction in progress	348,427,423.70	1.99%	148,626,411.17	0.89%	1.10%	Construction in progress from parent company and subsidiary Changhong Air-conditioner increased in the period
Short-term loans	1,725,908,730.38	9.87%	1,432,622,701.07	8.58%	1.29%	No major changes
Long-term loans	2,520,000.00	0.01%	253,460,000.00	1.52%	-1.51%	Long-term loans are re-classified as non-current liability due within one year in the period

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

√ Applicable □ Not applicable

In RMB

Items	Amount at the beginning period	Changes of fair value gains/losses in this period	Accumulative changes of fair value reckoned into equity	Devaluation of withdrawing in the period	Amount of purchase in the period	Amount of sale in the period	Amount in the end of period
Financial assets							
1. Financial assets measured by fair value and whose change is recorded in current	15,646,731.48	9,424,691.63					25,071,423.11

gains and losses(excluding derivative financial assets)							
Subtotal of financial assets	15,646,731.48	9,424,691.63					25,071,423.11
Total	15,646,731.48	9,424,691.63					25,071,423.11
Financial liabilities	16,034,000.00	28,215,602.74					44,249,602.74

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

Yes  No

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

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

**V. Investment**

**(i) Overall situation**

Applicable  Not applicable

Investment in the reporting (RMB)	Investment in the same period of last year ( RMB)	Changes
46,004,000	199,413,900	-76.93%

**2. The major equity investment obtained in the reporting period**

Applicable  Not applicable



In RMB

Name of investee	Principal business	Method of investment	Amount of investment	Shareholding	Capital sources	Partners	Term of investment	Type of products	Status as of the balance sheet date	Expected return	Current investment profit and loss	Whether litigation (Y/N)	Date of disclosure (if applicable)	Index of disclosure (if applicable)
Meiling CANDY Washing Machine Co., Ltd.	R&D, sales and after-sale services of washing machines; own and operate all types of goods and technology import & export business	Capital contribution	90,000,000	60%	Owned fund	Candy Hoover Group S.r.l	20-year	Washing machine etc.	Invested 15 million Yuan in the Period and accumulated contributed 60 million Yuan	Not applicable	-773,106.41	N	2017-3-30	www.cninfo.com.cn Juchao Website: <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> (No.: 2017-010 )
Changmei Technology Co., Ltd.	Development, production and sales of computer hardware & software, technology development, production and sales of internet of Things equipment, development and maintenance of E-commerce software, information service, technical transfer and services of the internet, domestic AD designing, production, agencies and release, sales of prepackaged food, dairy products, general merchandise, alcohol, beverage and agricultural products, crop planting, self-support goods and technology import and export business.(except items	Capital contribution	48,128,000	96.256%	Fund raising	Management team of Changmei Technology	20-year	Fresh food e-commerce	Invested 15.704 million Yuan in the period and completed whole capital contribution	Not applicable	-6,363,019.14	N	2016-1-8, 2016-11-26, 2017-11-10	www.cninfo.com.cn Juchao Website: <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> (No.: (2016-002), (2016-068 ) and (2017-088)

	prohibited or restricted by laws and regulations)													
Hongyu an Earth Energy Heat Pump Tech. Co., Ltd.	The production and sales of all-in-one complete machine system and parts of the earth energy heat and cold machine, and the sales of household appliances, home appliances raw materials and parts	Capital contribution	25,500,000	51%	Owned fund	Hengyouyuan Technology Development Group Co., Ltd.	Long-term	Earth energy thermal cooling machine	Invested 15.3 million Yuan in the period and completed whole capital contribution	Not applicable	-1,108,406.98	N	2015-4-18	www.cninfo.com.cn Juchao Website: <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> (No.: 2015-016 )
Total	--	--	163,628,000	--	--	--	--	--	--	-	-8,244,532.53	--	--	--

3. The major non-equity investment doing in the reporting period

√ Applicable □ Not applicable

In RMB

Project Name	Investment Method	Fixed Investments or not	Industry involved in Investment Projects	Investment Amount in this Reporting Period	Accrued Actual Investment Amount up to the End of Reporting Period	Capital Source	Project Schedule	Anticipated Income	Accrued Realized Income up to the End of Reporting Period	Reasons for not Reaching the Planned Schedule and Anticipated Income	Disclosed Date (if any)	Disclosed Index (if any)
1 million sets of environmental and energy saving refrigerator intelligent production line construction project (Note 1)	Self-built	Yes	Home appliance manufacturing industry	30,801,300	115,212,316.48	Self-owned Funds	The project has put into production at end of 2017, and Project acceptance work is currently underway.	-	The intelligent production line for one million sets of environmental and energy-saving refrigerators have being completed	Not Applicable	2017-3-14	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> (Announcement No. 2017-006)
2 million sets of automatic washing machines production base project (Note 2)	Self-built	Yes	Home appliance manufacturing industry	11,266,100	150,802,000	Self-owned Funds	The company successfully bade for the plant, office building and land use rights under the name of Anhui Dongwei Solar Technology Co., Ltd. from the judicial sale with its own funds of RMB134,585,900, and the project was in workshop	The production capacity of 2 million sets of automatic washing machine shall be formed after this project being put into operation	Project is under construction in the period without income occurred temporary	Not Applicable	2017-3-30, 2017-4-14	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> (Announcement No. 2017-010, No. 2017-024)

							reconstruction and equipment purchasing recently					
Total	--	--	--	42,067,400	266,014,316.48	--	--	-	-	--	--	--

Note 1: In order to meet the increasing market demands, make up for the insufficient capacity, enhance the operating efficiency of the company's production line, and further promote the company's intelligent manufacturing process, the 28th meeting of the company's 8th Board of Directors approved and agreed the company's subsidiary Jiangxi Meiling Electric Appliance Co., Ltd. (Hereinafter referred to as "Jiangxi Meiling") to invest RMB 209,600,000 to build 1 million sets of environmental and energy saving refrigerator intelligent production line construction project. See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-006) on March 14, 2017. Recently, main construction has completed on 20 December 2017 and will put into production at end of 2017, the project was operated in a good condition.

Note 2: According to the company's strategic development plan, combined with the company's business needs, and in order to make up for the insufficient research and manufacturing capacity of washing machine industry so as to meet the market demands, the 29th meeting of the company's 8th Board of Directors approved and agreed the company's to invest no more than RMB 371,210,000 in the construction of the 2 million sets of automatic washing machines production base project. In addition, the 29th meeting of the company's 8th Board of Directors approved and agreed the company to successfully bid for the plant and office building (covering an area of 86,087.65 square meters) and land use rights (covering an area of 116,233.61 square meters) under the name of Anhui Dongwei by public auction organized by the court with its own funds of RMB134,585,900, and use the plant and land as the washing machine production base for construction. See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-010, No. 2017-024) on March 30, 2017 and April 14, 2017. Ownership transfer of relevant land use right and property licence has completed, and the project is in process recently.

#### **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

In 10 thousand Yuan

Operator	Related relationship	Whether related trade or not	Type	Initial investment	Start date	End date	Investment amount at period-begin	Amount purchased in the reporting period	Amount sales in the reporting period	Amount of reserve for devaluation of withdrawing (if applicable)	Investment amount at period-end	Ratio of investment amount at period-end in net assets of the Company at period-end	Actual gains/losses in period
Financial institution	N/A	No	Forward foreign exchange contract	367,218.3239	2017-6-14	2019-5-27	210,705.9149	279,286.9970	212,116.8242	-	278,280.1141	53.93%	-404.0264
Total				367,218.3239	--	--	210,705.9149	279,286.9970	212,116.8242	-	278,280.1141	53.93%	-404.0264
Capital resource(if applicable)				Owned fund									
Lawsuit involved (if applicable)				Not applicable									
Disclosure date for approval from the Board for investment of derivatives (if applicable)				2018-3-30									
Disclosure date for approval from board of shareholders for investment of derivatives (if applicable)				2018-5-11									
Risk analysis and controlling measures for derivatives holdings in the Period (including but not limited to market risk, liquidity risk, credit risks, operation risk and law risks etc.)				<p>1. Market risk: domestic and international economic situation changes may lead to exchange rate fluctuations, forward foreign exchange transactions are under certain market risk. Forward foreign exchange business is aiming to reducing impact on corporate profits by foreign exchange settlement and sale prices, exchange rate fluctuations. The Company will follow up the exchange fluctuation, on the basis of target rate determined from the business, relying on the research of the foreign currency exchange rates, combined with prediction of consignments, and burdening ability to price variations due to exchange rate fluctuations, then determine the plan of forward foreign exchange contracts, and make dynamic management to the business, to ensure reasonable profit level.</p> <p>2. Liquidity risk: all foreign exchange transactions are based on a reasonable estimate of the future import and export business, to meet the requirements of the trade authenticity. In addition, forward foreign exchange transactions are processed with bank credit, will not affect liquidity of company funds.</p> <p>3. Bank default risk: if cooperative banks collapse within the contract time, the Company will not be able to transact the original foreign exchange contracts with contract price, which leads the risk of income uncertainty. So the Company chose Bank of China, Agricultural Bank of China, Industrial and Commercial Bank of China, China Construction Bank and other Chinese Banks and part of the larger foreign Banks (such as Deutsche Bank, UOB, Overseas Chinese Bank, HSBC, etc.)</p>									

	<p>to conduct the trading of foreign exchange capital. These banks share a solid strength and management whose failure and the risk of loss may bring to the Company is very low.</p> <p>4. Operational risk: improper operation of the person in charge of forward foreign exchange transactions may cause related risk also. The Company has formulated related management system which defines the operation process and responsibility to prevent and control risks.</p> <p>5. The legal risks: unclear terms based in contract signed with banks for related transactions may lead legal risks when forward foreign exchange transactions are processing. The Company will strengthen legal review, and choose good bank to carry out this kind of business as to risk control.</p>
<p>Invested derivative products have changes in market price or fair value in the Period, as for analysis of the fair value of derivatives, disclosed specific applied methods and correlation assumption and parameter setting</p>	<p>The Company determines fair value in accordance with the Chapter VII “Determination of Fair Value” carried in the Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments. Fair-value is basically obtained according to prices offered by bank and other pricing services. While fair-value of derivatives is mainly obtained according to the balance between prices given by outstanding contracts and forward prices given by contracts signed during the reporting period with bank. The differences are identified as trading financial assets and liabilities. During the reporting period, forward foreign exchange contracts and losses of the Company is (4,040,264)Yuan.</p>
<p>Specific principle of the accounting policy and calculation for derivatives in the Period compared with last period in aspect of major changes</p>	<p>Not applicable</p>
<p>Special opinion on derivative investment and risk control by independent directors</p>	<p>Upon inspection, the independent directors of the Company believes that: during the reporting period, the Company carried out its foreign exchange forward deals in strict compliance with the standardized operation guidelines for listed issuer on main board (2015 amended) issued by Shenzhen Stock Exchange, the Articles of Association, Authorization Management of the Company, Management System in relating to Foreign Exchange Forward Deals of Hefei Meiling Co., Ltd., and these deals were conducted within the authorization scope under general meeting and board meeting. The Company conducts no foreign exchange transactions on the purpose of getting profit only, all of the forward foreign exchange transactions are operates based on normal operating and production, which is relying on specific business operations with purpose of avoiding the preventing the risks in exchange rate. The forward foreign exchange transactions of the Company are beneficial to prevent the exchange risks exposed by import and export business and thus met its requirement for operation development. There was no speculative operation, no break of relevant rules and regulations and relevant business was conducted under corresponding decision-making procedures. Interests of the Company and entire shareholders, especially minority shareholders, were not prejudiced.</p>

**VI. Sales of major assets and equity****1. Sales of major assets**

Applicable  Not applicable

The Company had no sales of major assets in the reporting period.

**2. Sales of major equity**

Applicable  Not applicable



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

√ Applicable □ Not applicable

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

In RMB

Company name	Type	Main business	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Zhongke Meiling Cryogenic Technology Co., Ltd.	Subsidiary	Research and development, manufacturing and sales of ultra-low temperature freezer	68,640,300	267,468,347.80	127,653,086.48	82,033,715.77	6,810,644.30	5,790,135.62
Jiangxi Meiling Electric Appliance Co., Ltd.	Subsidiary	Manufacturing of refrigeration and freezer	50,000,000	353,558,940.73	89,582,538.11	451,708,800.16	-1,514,719.53	-1,514,719.53
Mianyang Meiling Refrigeration Co., Ltd.	Subsidiary	Manufacturing of refrigeration and freezer	100,000,000	141,806,740.24	113,095,695.31	129,247,513.42	613,797.02	571,220.47
Sichuan Changhong Air-conditioner Co., Ltd.	Subsidiary	R&D, manufacturing and domestic sales of air-conditioner	850,000,000	4,953,665,239.42	1,411,734,908.82	3,267,953,836.87	80,502,044.40	72,258,372.85
Zhongshan Changhong Electric Co., LTD	Subsidiary	R&D, manufacturing and sales of air-conditioner aboard	184,000,000	1,885,294,529.35	159,895,079.07	1,423,686,208.52	8,004,348.02	6,579,959.82
Hefei Meiling Electric Appliance Marketing Co., Ltd	Subsidiary	Sales of white goods	55,000,000	141,754,436.25	-166,158,103.92	490,551,375.15	47,651,151.59	47,629,545.83
Hefei Meiling Group Holdings Limited	Subsidiary	Sales of white goods	80,000,000	541,165,481.25	-168,274,460.38	1,681,535,220.11	-114,179,643.19	-114,958,432.74

Changmei Technology Co., Ltd.	Subsidiary	E-business of agricultural products and fresh	50,000,000	30,020,719.53	22,427,645.23	12,649,299.45	-6,664,448.69	-6,659,447.77
Guangdong Changhong Ridian Technology Co., Ltd.	Subsidiary	R&D, manufacturing and sales of kitchen and toilet products, small home appliances and water purifier	83,000,000	315,832,711.13	128,368,697.33	254,072,080.05	8,241,983.35	7,724,351.48
Meiling CANDY Washing Machine Co., Ltd.	Subsidiary	R&D and sales of washing machine	150,000,000	206,477,420.14	96,624,439.01	220,332,390.00	-1,042,572.80	-1,288,510.69

**(ii) Notes of holding and shareholding companies**

√ Applicable □ Not applicable

Company Name	The method of obtaining and handling subsidiaries during the report period	The influence to the whole production and performance
Zhongshan Hongyou Electric Co., Ltd.	Clearing off	Minor effect on the overall production and operation and performance of the Company

Notes of holding and shareholding companies: Nil

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

□ Applicable √ Not applicable

**IX. Prediction of business performance from January – September 2018**

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

□ Applicable √ Not applicable

**X. Risks and countermeasures****(i) risks and countermeasures**

In the second half of 2018, faced with the more intense competition in home appliance market and other objective factors, the enterprise will have worse survival environment. In the future, the company will face risks such as weak macroeconomic growth, severe industry situation, intensifying competition, rising raw materials and transportation costs, tight domestic currency and credit environment, Sino-US trade war, exchange rate fluctuations, new business models and the impact of the Internet era.

In response to the above risks, and combining with the industry situation in the second half of the year and the insufficient in the first half of the year, in the second half of 2018, the company will carry out key tasks from the following aspects:

**1. Sales**

Continue to enhance the market position of products, pay close attention to the changes in the retail market and e-commerce market shares; continue to launch new products, adjust the structure, raise the average price, and expand the scale; continue to enhance and increase new channels, strengthen the cooperation of the Fan-Hong series, and expand the outlets of Changmei Life House;

solidly control the price, strictly control the terminal price, and reduce the loss in price; tap potential and reduce fees, strictly control the site cost investment, strengthen the optimization of low-efficiency stores, intensify the audit of booth making standards; improve the e-commerce organization, continue to strengthen the e-commerce products, price, product rendering, product footprint, online retail, spot goods rate, etc.; the overseas markets actively respond to the impact of RMB exchange rate and bulk raw materials fluctuations, improve the proportion of air-cooled and frequency conversion products by optimizing the product mix and customer structure, and complete the maintenance, development and layout of key customers and key markets so as to ensure and improve the scale of overseas sales.

## **2. Technology and quality**

Continue to carry out research on technologies such as intelligence, frequency conversion, air cooling, preservation, and so on, actively promote the development of new products, and implement projects such as “high-end products refinement”, “five -ization and two easy”, and “increasing revenue and reducing costs” projects to maintain the company’s industry-leading position in technology and quality.

## **3. Supply chain and manufacturing**

Pay attention to the fluctuation of bulk materials, continue to promote the cost reduction of purchases and increase the income of materials; concern the efficiency of fund operation, improve the receivables and inventory turnover rate; continue to implement projects such as “first-class manufacturing”, “less people engineering”, “smart production” and “intelligent manufacturing” and so on, comprehensively improve efficiency and quality, reduce product costs, and enhance the competitiveness of the company’s products.

### **(ii) Business plan in the next half year**

Under the guidance of strategic planning, in the second half of 2018, the company will continue to carry out operation and management work by centering on “product leading, marketing transformation, efficiency promotion, and team activation”. For the insufficient and risks in the first half of the year, the following product line strategies are needed:

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

Heavily invest in basic technology research and product upgrades, continue to carry out research on technologies such as intelligence, frequency conversion, air cooling, and preservation, maintain technology leading in the industry, and continue to implement the “five -ization and two easy” and the “quality, taste and brand promotion and the “smart production” to comprehensively improve efficiency and quality, reduce product costs and enhance product competitiveness. In terms of sales strategy, the domestic sales will continue to launch new products, strengthen the promotion of core products, focus on the high-margin products through product structure adjustment, increase

the product average price, vigorously expand sales outlets and sales channels, and promote the structural transformation, sales transformation, and channel transformation. At the same time, we will vigorously expand the overseas markets, focus on the development and control of large-volume, air-cooled, multi-door refrigerators, further optimize the product structure, develop a strategic customer standard evaluation system, build the self-owned brand base markets, increase the logistics cost control, and guarantee the scale of overseas markets.

## **2. Air conditioning**

Adhere to productism, take the user experience as the core, thoroughly boost the big quality management system, innovate the industrial design, promote the “quality, taste and brand”; gain insight into the industry trends, effectively integrate the multi-party resources, accurately grasp the market opportunities, quickly deliver the goods and reduce the inventory backlog risks; take the good traditions, take the full value chain management as the starting point, make “responsibility, rights and interests” as a trinity, systematically improve the efficiency, adapt to the variation tendency of current channels, adjust the marketing organization structure, strengthen the business management, standardize the business behavior; persist in the hard work, continue to implement the full staff value creation, and create and share together.

## **3. Washing machine**

The washing machine business will continue to carry out the business operations by centering on “focusing on products, expanding channels, promoting synergy, and building capabilities”. Increase the promotion of “Meiling” and “Candy” new products, strengthen the product sampling, expand the retail channels, strengthen the collaborative assessment mechanism of internal team, and attach importance to “product capabilities, market capabilities, team capabilities, operation capabilities” and other core measures, focus on accelerating the progress of new products, improve the product quality, focus on improving the product visibility and reputation, and comprehensively improve the marketing management capabilities.

At the same time, the company will accelerate the construction progress of the washing machine production base project so as to provide guarantee for enhancing the competitiveness, profitability and sustainable development of washing machine.

## **4. Small household appliances**

Take the “smart kitchen” concept as the main line, respectively focus on the core business to create competitive industry, realize the linkage development of multi-product lines, highlight the leading advantages of intelligent products, and develop the high-end intelligent products with voice recognition and screen. Develop e-commerce channels to supplement and enrich the existing online products; carry out in-depth maintenance and expansion to the offline existing and newly opened channel outlet customers, deepen the third and fourth-level markets, and vigorously expand the

primary and secondary markets. At the same time, closely follow the guiding direction of national policies, vigorously carry out the coal-to-gas (electricity) engineering transformation projects and refined decoration housing market, and introduce new growth points. In addition, promote the optimization of internal management system through the establishment of a sound internal organization structure of small household appliances, and foster the industry development sustainability and quality risk management awareness through the shaping of research and development and quality control capabilities.

## **5. Biopharmaceutical**

As the platform for the company to comprehensively develop biopharmaceutical industry, in the second half of 2018, the company's subsidiary Zhongke Meiling, a three board listed company, will unswervingly implement the "related diversification based on biopharmaceutical field" strategy, focus on creating three mainline business of life sciences, smart cold chain and family health, actively embrace the general trend of the internet, big data and artificial intelligence development, continuously increase the product innovation and brand promotion, and promote the company's core competitiveness. At the same time, the company will increase investment in product technology and new product development, accelerate a new generation of refrigerator series, blood storage series and ultra-low temperature series products, especially the iterative upgrade of products and services in biopharmaceutical integrated solutions, actively expand the online and offline channels of family health business, and quickly expand the scale of product sales.

## **6. Emerging service of fresh e-business**

Continue to promote the investment project "intelligent life project" and build Meiling intelligent life O2O community fresh business platform with steady operating strategy. Rely on the company's advantages in intelligent and refrigeration fields. Through the independent research and development of online platforms including mobile terminals App, Web, H5, WeChat Mall, WeChat applet, cloud management platform, create the offline intelligent devices (fresh self pick-up cabinet, unmanned sales cabinets, etc.) and the O2O new retail platform for fresh food which integrates online platform with fresh mall. Focus on Chengdu, Hefei, and Mianyang, take the intelligent equipment as the entry point, center on the community precision marketing, steadily advance and drive the transformation and upgrading of the company's profit model through the innovation of smart devices, user operations, supply chain building, and internal capability improvement.

The above business plan and business objectives do not represent the listed company's profit forecast of 2018, whether it can be achieved depends on the changes in market condition, the efforts of management team and other factors, there are a lot of uncertainties, investors should pay special attention to it.

## Section V. Important Events

### I. AGM and extraordinary general meeting

#### 1. AGM held in the period

Meeting	Type	Participation ratio for investors	Holding date	Disclosure date	Index
First Extraordinary General Meeting of 2018	Extraordinary General Meeting	31.74%	2018-1-9	2018-1-10	Juchao Website ( <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> ), Resolution Notice of First Extraordinary General Meeting of 2018 (Notice No.: 2018-001)
2017 AGM	Annual general meeting	30.16%	2018-5-10	2018-5-11	Juchao Website ( <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> ), Resolution Notice of AGM of 2017 (Notice No.: 2018-029)
Second Extraordinary General Meeting of 2018	Extraordinary General Meeting	31.20%	2018-6-21	2018-6-22	Juchao Website ( <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> ), Resolution Notice of Second Extraordinary General Meeting of 2018 (Notice No.: 2018-038)

#### 2. Request for extraordinary general meeting by preferred stockholders with rights to vote

Applicable  Not applicable

#### II. 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.

#### III. Commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

Applicable  Not applicable

There are no commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting 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) Significant lawsuits and arbitrations**

Applicable  Not applicable

No significant lawsuits or arbitrations occurred in the reporting period.

**(ii) Other lawsuits**

Applicable  Not applicable

To maintain the independence and integrity of "Meiling" trademark and trade name, the Company carried out serials of lawsuits, attribution and administration suits with “Meiling” trademark and corporate name concerned, please found more in 2014 first quarter report, 2014 semi-annual report, the 2014 annual report disclosed respectively on April 19, 2014, August 12, 2014, and March 26, 2014 for the relevant progress. Up to now, the company has stopped the infringement enterprises using “Meiling” trade name, i.e. the infringement of company name and unfair competition behavior, through litigation and administrative complaints.

At present, only the kitchen ventilator, cooker, water heater, water purifiers and household electrical appliances manufactured and sold by the Company and its wholly-owned subsidiary - Hefei Meiling Group Holding Co., Ltd. and Guangdong Changhong Ridian Technology Co., Ltd. are the company's regular products, any other small household appliances using same or similar trademark as our company or using the trade name similar to the Company's name are the Company's products. In view of the infringement to the Company's trademark and trade name, false propaganda and unfair competition in the market, the Company has carried out many ways



including administrative reports, criminal investigation and civil litigation to fight against infringement and counterfeiting behavior in the whole country.

#### **IX. Penalty and rectification**

Applicable     Not applicable

No penalty and rectification for the Company in reporting period.

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

Applicable     Not applicable

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

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

Applicable     Not applicable

##### **Implementation for annual performance incentive fund**

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

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

See details in "Implementation of the company's annual incentive fund" in "XV Implementation of the company's stock incentive plan, employee stock ownership plan, or other employee incentive measures" in "Section V Significant Events" of the company's "2017 Annual Report" disclosed on 30 March 2018

Up to the end of this reporting period, the company's stock purchased by some 2012 annual performance incentive objects (non-directors, supervisors and senior management) and 2013 annual performance incentive objects (non-directors, supervisors and senior management) with their granted 2012 annual performance incentive funds and own funds and 2013 annual performance incentive funds and own funds have been fully desterilized, the company's stock purchased by some 2014 annual performance incentive objects (non-directors, supervisors and senior management)

with their granted 2014 annual performance incentive funds and own funds has been deauthorized by 50% for term of holding for two years, see below for the overall reducing holding-shares of some above-mentioned incentive objects; The shareholding period of the company's stock purchased by the 2016 annual performance incentive objects with their awarded 2016 annual performance incentive funds and their own funds is less than two years, the stock purchased by all incentive objects are locked in accordance with the commitments. Among the incentive objects, the current directors, supervisors and senior management have not reduced the Company's shares purchased by implementing 2012, 2013, 2014 and 2016 annual performance incentive plans.

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

Ended as 30 June 2018, shares hold by all incentive objects amounting to 12,379,807 shares, a 1.1851 % in total share capital of the Company, including 10,689,914 A-share, a 1.0233% in total share capital and 1,689,893 B-share, a 0.1618% in total share capital of the Company. Other grantees of the 2012, 2013 and 2014 incentive plan (not being directors, supervisors and senior management) have reduced holding of 4,134,008 in aggregate, accounting for about 0.3956% of the total share capital and no shares are reduced in the reporting period.

## **XII. Major related transaction**

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

Applicable    Not applicable

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

Serial	Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principle	Related transaction price (in 10 thousand Yuan)	Related transaction amount (in 10 thousand Yuan)	Proportion in similar transactions (%)	Trading limit approved (in 10 thousand Yuan)	Whether approved or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure
1	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Commodity purchased	Electric melting, resistors, steel plate, accessory and color masterbatch ect.	Market price	17,152.85	17,152.85	2.18%	57,000	N	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005, No. 2018-008 and No.2018-029
2	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Compressor etc.	Market price	29,967.62	29,967.62	3.81%	60,000	N	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
3	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Plastic products etc.	Market price	42,545.85	42,545.85	5.40%	110,000	N	Spot exchange, bank and commercial acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
4	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Door shell, baseboard, holder, Sheet metal parts	Market price	20,351.17	20,351.17	2.58%	62,000	N	Spot exchange, bank and commercial acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

5	Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Packing case, printed matter etc.	Marketing price	7,295.70	7,295.70	0.93%	22,000	N	Spot exchange, bank and commercial acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
6	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Printed board components etc.	Marketing price	5,357.47	5,357.47	0.68%	24,000	N	Settlement of bank and commercial acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
7	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Power supply, battery	Marketing price	3.59	3.59	0.00%	5,200	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
8	081 Electronic Group	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Power transformer etc.	Marketing price	135.62	135.62	0.02%	5,000	N	Spot exchange, bank and commercial acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
9	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Foam pieces etc.	Marketing price	176.79	176.79	0.02%	5,200	N	Spot exchange, bank and commercial acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
10	Sichuan Changhong Intelligent Manufacturi	Other enterprise control under the same controlling shareholder and	Commodity purchased	Junction plate, sprocket shaft etc.	Marketing price	8.98	8.98	0.00%	6,000	N	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

	ng Technology Co., Ltd.	ultimate controller												
11	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commo dity purchas ed	Electronic products	Marketi ng price	13.16	13.16	0.00%	5,200	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.c om.cn) No.: 2018-005,
12	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commo dity purchas ed	PCB, remote control, transformer, etc	Marketi ng price	1,933.86	1,933.86	0.25%	7,000	N	Spot exchange, bank and commercial acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.c om.cn) No.: 2018-005,
13	Sichuan Ailian Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commo dity purchas ed	Internet module	Marketi ng price	599.81	599.81	0.08%	5,000	N	Spot exchange, bank and commercial acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.c om.cn) No.: 2018-005,
14	Hunan Grand-Pro Intelligent Tech. Company (note 1)	Other enterprise control under the same controlling shareholder and ultimate controller	Commo dity purchas ed	V-BOT	Marketi ng price	156.25	156.25	0.02%	650	-	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.c om.cn) No.: 2018-005,
15	Sichuan Aichuang Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commo dity purchas ed	Control panel	Marketi ng price	251.51	251.51	0.03%	5,000	-	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.c om.cn) No.: 2018-005,

16	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Accept the services	Regular bus fee	Marketing price	7.38	7.38	0.01%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
17	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Accept the services	Information system services, repair fees, shared service fees	Marketing price	623.03	623.03	0.77%	5,000	N	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
18	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Transportation, storage, loading and unloading	Marketing price	23,028.07	23,028.07	28.33%	71,000	N	Spot exchange, bank and commercial acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
19	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	After-sale and installation maintenance, etc.	Marketing price	8,822.05	8,822.05	10.85%	25,000	N	Spot exchange, bank and commercial acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
20	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Software usage fee	Marketing price	25.36	25.36	0.03%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
21	Guangdong Changhong Electronics	Other enterprise control under the same controlling	Accept the services	Security service charge	Marketing price	27.73	27.73	0.03%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

	Co., Ltd.	shareholder and ultimate controller												
22	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Maintenance costs and business activity fee	Marketing price	16.26	16.26	0.02%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
23	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Business activity fee	Marketing price	22.16	22.16	0.03%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
24	Sichuan Changhong International Travel Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Ticket fee	Marketing price	9.03	9.03	0.01%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
25	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Management fee and maintenance fee	Marketing price	42.12	42.12	0.05%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
26	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Laboratory technical service fee	Marketing price	35.90	35.90	0.04%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

27	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Platform licensing	Marketing price	417.95	417.95	0.51%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
28	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Communication fee	Marketing price	3.50	3.50	0.00%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
29	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Installation cost	Marketing price	3.07	3.07	0.00%	6,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
30	Sichuan Changhong Jiahua Information products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Communication fee	Marketing price	0.60	0.60	0.00%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
31	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Purchase fuel and power	Water, electricity and gas	Marketing price	880.40	880.40	0.11%	57,000	N	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
32	Changhong Huayi Compressor	Other enterprise control under the same controlling	Purchase fuel and	Compressed air	Marketing price	29.15	29.15	0.00%	130	N	Spot exchange, Bank	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,



	Co., Ltd.	shareholder and ultimate controller	power								acceptance			
33	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase fuel and power	Water and electricity fee	Marketing price	67.45	67.45	0.01%	5,200	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
34	Hefei Changhong New Energy Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase fuel and power	Electricity fee	Marketing price	14.49	14.49	0.00%	5,200	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
35	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase fuel and power	Electricity fee	Marketing price	0.75	0.75	0.00%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
36	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Sales of goods	Air-conditioner, small appliances and fresh etc.	Marketing price	3,695.69	3,695.69	0.40%	32,000	N	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
37	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Sales of goods	Fresh and air-conditioner	Marketing price	67.87	67.87	0.01%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

38	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Color board and door shell component	Marketing price	3,973.51	3,973.51	0.43%	12,000	N	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
39	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Color Masterbatch, plastic particle	Marketing price	8,310.71	8,310.71	0.90%	16,000	N	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
40	Lejiayi Chain Management Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner, refrigerator and washing machine etc.	Marketing price	981.20	981.20	0.11%	15,000	N	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
41	PT.CHANGHONGELECTRICINDONESIA	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator and freezer	Marketing price	54.76	54.76	0.01%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
42	CHANGHONG(HK)TRADINGLIMITED	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	18,132.40	18,132.40	1.96%	120,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
43	CHANGHONGELECTRIC(AUSTRALIA)	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator and freezer	Marketing price	667.34	667.34	0.07%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

44	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh etc.	Marketing price	12.09	12.09	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
45	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator and freezer, washing machine, air-conditioner	Marketing price	151.60	151.60	0.02%	15,000	N	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
46	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Maintenance parts etc.	Marketing price	771.61	771.61	0.08%	15,000	N	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
47	Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Waste materials	Marketing price	1,077.63	1,077.63	0.12%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
48	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioners, refrigerators, etc	Marketing price	137.04	137.04	0.01%	15,000	N	Bank acceptance settlement	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

49	Sichuan Huafeng Corp. Group	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	18.58	18.58	0.00%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
50	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator and freezer, washing machine, air-conditioner etc.	Marketing price	132,164.21	132,164.21	14.25%	420,000	N	Spot exchange, bank and commercial acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
51	Sichuan Changhong Property Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	86.52	86.52	0.01%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
52	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	21.23	21.23	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
53	Sichuan Changhong Intelligent Health Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	0.84	0.84	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
54	Sichuan Changhong Property Service Co.,	Other enterprise control under the same controlling shareholder and	Sales of goods	Air-conditioner	Marketing price	1.94	1.94	0.00%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

	Ltd.	ultimate controller												
55	Sichuan Huanyu Industrial Co. Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	14.62	14.62	0.00%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
56	Mianyang Technology Town Big Data Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	0.16	0.16	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
57	BVCH Optronics (Sichuan) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner, fresh	Marketing price	7.02	7.02	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
58	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	16.53	16.53	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
59	Sichuan Changhong Group Finance Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	2.23	2.23	0.00%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

60	Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	2.20	2.20	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
61	Sichuan Changhong Power Source Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	9.36	9.36	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
62	Sichuan Changhong Education Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner, fresh	Marketing price	56.17	56.17	0.01%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
63	GuangYuan Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioners, refrigerators, washing machine etc	Marketing price	77.09	77.09	0.01%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
64	Sichuan Ailian Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner, fresh	Marketing price	12.50	12.50	0.00%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
65	Sichuan Changhong Innovation Investment Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	0.17	0.17	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

66	Sichuan Changhong Energy Sunshine Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	2.02	2.02	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
67	Sichuan Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	0.80	0.80	0.00%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
68	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	3.80	3.80	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
69	Sichuan Hongcheng Real Estate Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	9.46	9.46	0.00%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
70	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	2.61	2.61	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
71	Sichuan Changhong International Hotel Co.,	Other enterprise control under the same controlling shareholder and	Sales of goods	Air-conditioner, fresh	Marketing price	27.84	27.84	0.00%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

	Ltd.	ultimate controller												
72	Sichuan Changhong Electronic System Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	0.85	0.85	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
73	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh, refrigerator	Marketing price	6.43	6.43	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
74	Orion.PDP. Co.,Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator / freezer	Marketing price	1,489.79	1,489.79	0.16%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
75	Changhong International Holdings (Hong Kong) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner, fresh	Marketing price	58.80	58.80	0.01%	6,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
76	Changhong EuropeElectrics.r.o	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator	Marketing price	0.19	0.19	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,



77	Yibin Red-Star Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	91.74	91.74	0.01%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
78	CHANGHONG ELECTRIC MIDDLE EAST	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner, Refrigerator / freezer	Marketing price	122.67	122.67	0.01%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
79	Sichuan Aichuang Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Juicer, air-conditioner	Marketing price	101.37	101.37	0.01%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
80	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rendering of service	R&D service	Marketing price	12.00	12.00	0.00%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
81	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel and power	Utility fee	Marketing price	0.91	0.91	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
82	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel and power	Utility fee	Marketing price	0.81	0.81	0.00%	15,000	N	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

83	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel and power	Utility fee	Marketing price	7.92	7.92	0.00%	12,000	N	Bank acceptance settlement	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
84	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel and power	Utility fee	Marketing price	375.31	375.31	0.04%	16,000	N	Bank acceptance settlement	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
85	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel and power	Utility fee	Marketing price	0.08	0.08	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
86	Sichuan Changhong Devices Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel and power	Utility fee	Marketing price	45.76	45.76	0.00%	15,000	N	Bank acceptance settlement	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
87	Shenzhen YijEn Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel and power	Utility fee	Marketing price	0.01	0.01	0.00%	15,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
88	Changhong International Holdings (Hong Kong) Co.,	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuel and power	Utility fee	Marketing price	0.20	0.20	0.00%	6,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

	Ltd.													
89	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Workshop,Forklift, Warehouse, etc	Marketing price	28.71	28.71	0.37%	5,000	N	Bank acceptance settlement	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
90	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Workshop, Warehouse etc.	Marketing price	123.50	123.50	1.61%	5,000	N	Bank acceptance settlement	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
91	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Workshop, apartment etc.	Marketing price	98.41	98.41	1.28%	9,500	N	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
92	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Apartment, office	Marketing price	23.72	23.72	0.31%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
93	. Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Apartment	Marketing price	6.47	6.47	0.08%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

94	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Forklift, warehouse, apartment	Marketing price	2.55	2.55	0.03%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
95	Sichuan Ailian Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Warehouse	Marketing price	0.06	0.06	0.00%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
96	BVCH Optronics (Sichuan) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Cargo elevator	Marketing price	5.25	5.25	0.07%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
97	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Office building	Marketing price	6.36	6.36	0.08%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
98	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Workshop, and Two living area	Marketing price	3.98	3.98	0.05%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
99	Sichuan Changhong Devices Technology	Other enterprise control under the same controlling shareholder and	Rent to the related party	Workshop	Marketing price	50.19	50.19	0.65%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

	Co., Ltd.	ultimate controller												
100	Changhong International Holdings (Hong Kong) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Office, Two living area	Marketing price	8.09	8.09	0.11%	9,500	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
101	Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Storage charge	Marketing price	0.03	0.03	0.00%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
102	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent from the related party	Workshop, office etc.	Marketing price	101.03	101.03	1.31%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
103	Chengdu Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent from the related party	Office	Marketing price	28.61	28.61	0.37%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
104	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent from the related party	Employee dorm	Marketing price	16.30	16.30	0.21%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

105	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Rent from the related party	Workshop and office	Marketing price	49.21	49.21	0.64%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
106	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Rent from the related party	Employee dorm	Marketing price	1.14	1.14	0.01%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
107	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent from the related party	Device server	Marketing price	13.67	13.67	0.18%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
108	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Production line transformation	Marketing price	813.58	813.58	2.43%	5,000	N	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
109	Sichuan Hongcheng Construction Engineering Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Building construction	Marketing price	45.05	45.05	0.13%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

110	Sichuan Hongcheng Real Estate Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase & building the fixed assets	Building construction	Marketing price	39.32	39.32	0.12%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
111	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Purchasing and Purchase & building the fixed assets	Workshop reconstruction and information system	Marketing price	10.62	10.62	0.03%	5,000	N	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
112	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Information system etc.	Marketing price	160.64	160.64	0.48%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
113	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Air-conditioner	Marketing price	0.30	0.30	0.00%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
114	Sichuan Huanyu Industrial Co. Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Workshop reconstruction	Marketing price	19.37	19.37	0.06%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
115	Sichuan Changhong Electronics	Controlling shareholder and ultimate controller	Purchase & building	Workshop construction	Marketing price	377.36	377.36	1.13%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,

	Holding Group Co., Ltd.		the fixed assets											
116	Sichuan Aichuang Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Juicer, vending machine	Marketing price	134.50	134.50	0.40%	5,000	N	Spot exchange	-	30 March 2018, 11 May 2018	Juchao Website(www.cninfo.com.cn) No.: 2018-005,
Total						--	--	<b>335,080.89</b>	--	--	--	--	--	--
Detail of sales return with major amount involved					Not applicable									
Report the actual implementation of the daily related transactions which were projected about their total amount by types during the reporting period (if applicable)					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 2018 was RMB 2872 million at most (tax-excluded), actually RMB 957,927,800 occurred in reporting period (tax-excluded).									
					2. It is estimated that the related transaction amount resulted by purchasing goods (including compressor purchased, cleaning robot etc.) from Changhong Huayi and its subsidiary by the Company for year of 2018 was RMB 606.5 million at most (tax-excluded), actually RMB 301,238,700 occurred in reporting period (tax-excluded).									
					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 2018 was RMB 50 million at most (tax-excluded), actually RMB 1,715,600 occurred in reporting period (tax-excluded).									
					4. It is estimated that the related transaction amount resulted by purchasing goods from and providing fuel and power to Sichuan Changhong and its subsidiary by the Company for year of 2018 was RMB 6210 million at most (tax-excluded), actually RMB 1,619,016,500 occurred in reporting period (tax-excluded).									
					5. It is estimated that the related transaction amount resulted by accepting energy, power and service from Huayi Compressor and its subsidiary by the Company for year of 2018 was RMB 1.3 million at most (tax-excluded), actually RMB 291,500 occurred in reporting period (tax-excluded).									
					6. It is estimated that the related transaction amount resulted by leasing business from Sichuan Changhong and its subsidiary by the Company for year of 2018 was RMB 50 million at most (tax-excluded), actually RMB 4,128,000 occurred in reporting period (tax-excluded).									
					7. It is estimated that the related transaction amount from domestic finished goods logistic business outsourcing to Sichuan Changhong Minsheng Logistic Co., Ltd. by the Company for year of 2018 was RMB 710 million at most (tax-excluded), actually RMB 230,280,700 occurred in reporting period (tax-excluded).									



	8. It is estimated that the related transaction amount from after sales service of domestic goods outsourcing to Sichuan Service Exp. Appliance Service Chain Co., Ltd. by the Company for year of 2018 was RMB 250 million at most (tax-excluded), actually RMB 88,220,500 occurred in reporting period.
	9. It is estimated that the related transaction amount resulted by accepting other service and labor service etc. or providing other service and labor service etc. to Sichuan Changhong and its subsidiary by the Company for year of 2018 was RMB 50 million at most (tax-excluded), actually RMB 11,460,700 occurred in reporting period (tax-excluded).
	10. It is estimated that the related transaction amount resulted by selling goods from Sichuan Changhong Electronics Group and its subsidiary by the Company for year of 2018 was RMB 95 million at most (tax-excluded), actually RMB 30,959,100 occurred in reporting period.
	11. It is estimated that the related transaction amount resulted by purchasing goods and receiving labor services, fuel power, leasing and purchasing equipment etc. from Sichuan Changhong Electronics Group and its subsidiary by the Company for year of 2018 was RMB 120 million at most (tax-excluded), actually RMB 25,569,800 occurred in reporting period.
Reasons for major differences between trading price and market reference price	Not applicable

Note 1: During the reporting period, the daily related transaction amount between the company and Hunan Grand-Pro Intelligent Tech Co., Ltd. (hereinafter referred to as “Grand-Pro”) was 1.5625 million Yuan, mainly because the subsidiary Changhong Home Appliances purchased cleaning robot from the related parties. As the company’s related party Changhong Huayi subscribed for the non-public offering of shares of Grand-Pro and the holding of Grand-Pro was completed during the reporting period, Grand-Pro was included in the consolidation scope of Changhong Huayi financial statements. Therefore, in accordance with relevant regulations and in conjunction with the actual business needs of the company’s subsidiary Changhong Home Appliances, the 14th meeting of the ninth board of directors of the company reviewed and approved the “Proposal on Adding the Predicted Daily Related Transactions for 2018”, agreed to add the predicted daily related transactions amount no more than 6.5 million Yuan in total (excluding tax) for the purchase of goods between the company and its holding subsidiary with the subsidiary of Changhong Huayi - Hunan Grand-Pro in 2018, see details on the Announcement on Adding the Predicted Daily Related Transactions for 2018 of Changhong Meiling Co., Ltd. that the company disclosed on the designated information disclosure media on August 15, 2018. The company has fulfilled the necessary approval procedures for this new daily related transaction.

## 2. Related transactions with Finance Company

The resolution of the 34th meeting of the 8th board of directors on August 9, 2017 and the second extraordinary general meeting of 2017 on September 12, 2017 approved and agreed the company to continue carry out the financial service cooperation with Sichuan Changhong Group Finance Co., Ltd. (hereinafter referred to as “Changhong Finance Company”) and sign a triennial Financial Service Agreement, It is agreed that the maximum deposit balance (including accrued interest and handling fees) and the highest principal and interest of outstanding loan the Company in any finance company within the three-year validity period from the effective date of the new agreement shall be adjusted to not exceed RMB 3.8 billion per day. In accordance with the agreement, Changhong Finance Company shall provide a series of financial services such as deposit and loan in its business scope according to the requirements of the Company and its subsidiaries. The related transactions between the company and its subsidiaries and Changhong Finance Company from the beginning of the year to the end of the reporting period are as follows:

Up to 30 June 2018, the Company and its subsidiaries have opened financial business as savings, loans, note drawing and notes discounted with Changhong Finance Company. The Company and its subordinate company owns 2,282,305,192.11 Yuan savings in Changhong Finance Company, takes 27.60% of the deposit taking balance in Changhong Finance Company without 30% occupied, balance of loans at period-end amounted as 77,600,000.00 Yuan, balance of notes drawing at period-end was 941,548,617.05 Yuan and balance of notes discounted outstanding as 747,241,584.65 Yuan. More details are:

Item	Balance at year-begin	Increased in the Year	Decreased in the Year	In RMB	
				Balance at period-end	Interest and commission charge received or paid
<b>I. Savings in Changhong Group Finance Company</b>	2,762,513,703.88	26,079,408,328.36	26,559,616,840.13	2,282,305,192.11	52,350,875.61
<b>II. Borrowings from Changhong Group Finance Company</b>	-	77,600,000.00	-	77,600,000.00	265,500.00
<b>1.Short-term loans</b>	-	77,600,000.00	-	77,600,000.00	265,500.00
<b>2.Long-term loans</b>	-	-	-	-	-
<b>III. Other financial business</b>				-	
<b>1.notes drawing</b>	721,645,627.87	969,728,168.93	749,825,179.75	941,548,617.05	428,544.83

Item	Balance at year-begin	Increased in the Year	Decreased in the Year	Balance at period-end	Interest and commission charge received or paid
2.notes discounted	699,356,853.98	652,100,160.10	604,215,429.43	747,241,584.65	4,222,691.63

According to the regulation of Information Disclosure Business Memorandum No. 2 - Transactions and Related Transactions of the Shenzhen Stock Exchange, the company issued the Risk Continuous Assessment Report About Sichuan Changhong Group Finance Co., Ltd. for the deposit, loan and other financial services that the company carried out with Changhong Finance Company during the reporting period, and disclosed at www.cninfo.com.cn on 15 August 2018.

**(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) Material related transaction of jointly foreign investment**

Applicable  Not applicable

The Company has no material related transaction of jointly foreign investment occurred in reporting period-end.

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

Applicable  Not applicable

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

Yes  No

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

**(v) Other related transactions**

Applicable  Not applicable

Nil

**XIII. Non-business capital occupying by controlling shareholders and its related parties**

Applicable  Not applicable

No non-business capital occupied by controlling shareholders and its related parties in Period.

**XIV. 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:

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

Gains/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) Material guarantee**

Applicable  Not applicable

**1. Guarantee**

During the reporting period, we did not offering guarantee to any legal person or natural person except the wholly-owned and controlling subsidiary, the guarantees that the company provides for its wholly-owned and holding subsidiaries are for the loans generated by supporting their production and operation, the guaranty type is assurance; up to 30 June 2018, the Company has granted credit to the guarantees of some wholly-owned and holding subsidiaries, in addition to the wholly-owned subsidiary Changhong Air-conditioner, other subsidiaries have no actual guarantee. The external guarantees of the Company and subsidiaries are as follows:

In 10 thousand Yuan

Particulars about the external guarantee of the Company (Barring the guarantee for subsidiaries)

Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
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Dealer of Hefei Meiling Co., Ltd.	Notice No. 2015-038, No. 2015-040, No. 2015-064 released on 29 August 2015 and 23 December 2015; Notice No. 2016-068, No. 2016-072, No. 2016-077 released on 26 Nov. 2016 and 14 Dec.	20,000	2016-9-29	15.00	Joint liability guaranty	One year	Y	N
Dealer of Sichuan Changhong Air-conditioner Co., Ltd.	Notice No. 2015-038, No. 2015-040, No. 2015-064 released on 29 August 2015 and 23 December 2015; Notice No. 2016-068, No. 2016-072, No. 2016-077 released on 26 Nov. 2016 and 14 Dec.	20,000	2016-10-14	111.00	Joint liability guaranty	One year	Y	N
Total approving external guarantee in report period (A1)				0	Total actual occurred external guarantee in report period (A2)		126.00	
Total approved external guarantee at the end of report period (A3)				0	Total actual balance of external guarantee at the end of report period (A4)		0	
Guarantee between the Company and the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Zhongshan Changhong Electric Co., LTD	Notice No. 2017-010, No. 2017-014, No. 2017-031 released on 30 Mar. 2017 and 5 May	70,000	2017-2-24	6,000	Joint liability guaranty	One year	Y	N
			2017-1-22	5,500	Joint liability guaranty	One year	Y	N
			2017-3-1	20,000	Joint liability guaranty	One year	Y	N
			2017-6-23	10,000	Joint liability guaranty	One year	N	N
			2017-7-24	5,000	Joint liability guaranty	One year	N	N
			2017-11-6	10,000	Joint liability guaranty	One year	N	N

	Notice No. 2018-005, No. 2018-009, No. 2018-029 released on 30 Mar. 2018 and 11 May	70,000	2018-3-30	10,000	Joint liability guaranty	One year	N	N
2018-4-11			6,000	Joint liability guaranty	One year	N	N	
2018-4-12			5,000	Joint liability guaranty	One year	N	N	
2018-4-18			5,500	Joint liability guaranty	One year	N	N	
Guangdong Changhong Ridian Technology Co., Ltd.	Notice No. 2017-010, No. 2017-014, No. 2017-031 released on 30 Mar. 2017 and 5 May	10,500	2017-8-13	4,500	Joint liability guaranty	One year	N	N
			2017-11-14	4,000	Joint liability guaranty	One year	N	N
			2017-12-15	2,000	Joint liability guaranty	One year	N	N
	Notice No. 2018-005, No. 2018-009, No. 2018-029 released on 30 Mar. 2018 and 11 May	25,500	-	-	-	-	-	-
Zhongke Meiling Technology Co., Ltd.	Notice No. 2017-010, No. 2017-014, No. 2017-031 released on 30 Mar. 2017 and 5 May	6,000	2017-2-16	2,000	Joint liability guaranty	One year	Y	N
			2017-6-23	1,000	Joint liability guaranty	One year	Y	N
	Notice No. 2018-005, No. 2018-009, No. 2018-029 released on 30 Mar. 2018 and 11 May	7,000	2018-1-30	2,000	Joint liability guaranty	One year	N	N
			2018-6-29	1,000	Joint liability guaranty	One year	N	N
Sichuan Changhong Air-conditioner Co., Ltd.	Notice No. 2018-005, No. 2018-009, No. 2018-029 released on 30 Mar. 2018 and 11 May	70,000	-	-	-	-	-	-
Total amount of approving guarantee for subsidiaries in report period (B1)			172,500	Total amount of actual occurred guarantee for subsidiaries in report period (B2)				99,500
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)			253,000	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)				65,000

Guarantee of the subsidiaries for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
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Total amount of approving guarantee for subsidiaries in report period (C1)				Total amount of actual occurred guarantee for subsidiaries in report period (C2)				
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)				Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)				
Total amount of guarantee of the Company( total of three abovementioned guarantee)								
Total amount of approving guarantee in report period (A1+B1+C1)		172,500		Total amount of actual occurred guarantee in report period (A2+B2+C2)		99,626		
Total amount of approved guarantee at the end of report period (A3+B3+C3)		253,000		Total balance of actual guarantee at the end of report period (A4+B4+C4)		65,000		
Ratio of actual guarantee (A4+B4+C4) in net assets of the Company				12.92%				
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)				51,500				
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)				51,500				
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				

The above-mentioned guarantee objects are the wholly-owned and holding subsidiaries of the Company, and these wholly-owned and holding subsidiaries are in normal production and operation, there are no overdue loans, and the guarantee risks are controllable. During the reporting period, the highest level of security the Company provided amounted to 1725 million Yuan by the approval, the actual amount of guarantee is 995 million Yuan. At the end of the reporting period, the practical guarantee balance amounted to 650 million Yuan, accounting for the Company's latest net assets ratio of 12.92%.

Explanation on guarantee with composite way: Nil

## 2. Guarantee outside against the regulation

Applicable Not applicable

No guarantee outside against the regulation in Period.

**(iii) Other material contracts**

Applicable Not applicable

**XV. Social responsibility**

**(i) Material environmental protection**

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

Yes  No



Name of company or subsidiary	Major pollutants and name of typical pollutants	Way of discharge	number of discharge outlets	Distribution of discharge outlets	concentration of discharge	Pollutants discharge standards enacted	Total discharge volume	Total discharge volume certified	Discharge beyond the standards
Sichuan Changhong Air-conditioner Co., Ltd.	Exhaust constitutes the major pollutants, and the typical pollutants comprise of NMHC, smoke particulates, tin and its compound.	Discharge to air after satisfying the discharge standards	12	Distributed in related workshops	Concentration of particulates discharge:3.6mg/m <sup>3</sup> ; Concentration of NMHC emission: 63.7mg/m <sup>3</sup> ; Concentration of tin and its compound discharge:0.0494mg/m <sup>3</sup>	The Emission Standards for Air Pollutants (GB 16297-1996) applies to exhaust emission. Concentration of particulates discharge:120mg/m <sup>3</sup> with discharge speed of 5.9kg/h; Concentration of NMHC emission:120mg/m <sup>3</sup> with discharge speed of 17kg/h ; Concentration of tin and its compound discharge:8.5mg/m <sup>3</sup> with discharge speed of 0.52kg/h °	Total discharge volume of particulates for the first half of 2018:0.08 ton; Total discharge volume of NMHC for the first half of 2018:1.158 ton; Total discharge volume of tin and its compound for the first half of 2018: 0.0012 ton.	Satisfy the standards for total volume control	Not beyond the standards
Zhongshan Changhong Electric Co., LTD	Exhaust constitutes the major pollutants, and the typical pollutants comprise of particulates, NMHC and odor concentration.	Discharge to air after satisfying the discharge standards	2	Roof of the No.1 and 2 plants	Concentration of particulates discharge < 20mg/m <sup>3</sup> ; Concentration of NMHC emission:2.3mg/ m <sup>3</sup> ; Concentration of stink: 1318 non-dimensional.	The Emission Limits for Air Pollutants (DB44/27—2001) applies to exhaust emission. Concentration of particulates discharge:120mg/ m <sup>3</sup> ; Concentration of NMHC emission:120mg/ m <sup>3</sup> ; Concentration of stink: 2000 non-dimensional.	Total discharge volume for the first half of 2018: 30,000,000 m <sup>3</sup> (N).	Satisfy the standards for total volume control	Not beyond the standards

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

The Company and its subsidiaries actively respond to the national ecological civilization construction plan, and actively participate in national environmental protection works in line with the purpose of actively fulfilling its corporate social responsibility. In recent years, The Company and its subsidiaries have actively explored the introduction of advanced management concepts and methods, and invested a large amount of money in the purchase of pollution control equipment and facilities notwithstanding they have already fully met the emission standards, just to further bring down and reduce discharge of corporate pollutants and realize emission reduction by scientific technical methods. At the same time, in order to ensure the effective operation of the management equipment and facilities, the Company and its subsidiaries have adopted such management measures as setting up special personnel to manage and maintain the operation of the equipment and facilities, formulating proper rules for operation and maintenance of the equipment and facilities, emergency disposal regulations, supervision and assessment mechanism, allocating special maintenance funds and so on, so as to ensure the effective operation of the governing facilities in a full round, delivering its best to protect and improve the ecological environment around the enterprise.

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

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

assessment documents and the reply requirements of the competent environmental protection authorities.

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

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

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

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

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

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

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

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

effectively controlled and fully meets the system management standards and relevant regulations.

Meanwhile, the Company and its subsidiaries have been rated as environmental integrity enterprises for consecutive years in the environment credit evaluation organized by environment protection authorities.

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

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

**XVI. Explanation on other significant events**

Applicable  Not applicable

(i) As discussed at the 6th meeting of the 9th session of the board, the 3rd meeting of the 9th session of the supervisory committee and the 1st extraordinary general meeting for 2018, The Company was approved to invest in such break-even financing products that are highly safe, in good liquidity and with a term of not more than one year for a single product with the available raised proceeds under the maximum limit of RMB1,060,000,000 which could be used on a rolling basis. This authorization shall be effective for a year since being approved at the general meeting of The Company. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2017-096, No. 2017-097, No. 2017-099, No. 2017-101 and No.2018-001) on 23 December 2017 and 10 January 2018.

(ii) On 15 January 2018, The Company received from Caitong Fund Management Co., Ltd (“Caitong Fund”, a shareholder of The Company holding shares of over 5%) the Letter Relating to Progress of the Plan of Reducing Shareholding in Hefei Meiling Co., Ltd. Caitong Fund reduced holding of 11,913,134 shares in The Company via collective bidding trading and bulk trading during the period from 6 November 2017 to 15 January 2018, accounting for 1.1405% of the total share capital of The Company.

On 13 April 2018, The Company received from Caitong Fund the Letter Relating to Progress of the Plan of Reducing Shareholding in Hefei Meiling Co., Ltd. and the Notice Relating to Shareholding Reduction Plan of Hefei Meiling Co., Ltd. Caitong Fund reduced holding of 7,098,450 shares in The Company via collective bidding trading during the period from 16 January 2018 to 13 April 2018, accounting for 0.6795% of the total share capital of The Company. Besides, it planned to reduce holding of not more than 62,675,866 shares of The Company (not more than 6% of the total share capital of The Company) via collective bidding trading, bulk trading or other legal means within six months since this shareholding reduction announcement.

On 13 July 2018, The Company received from Caitong Fund the Letter Relating to Progress of

the Plan of Reducing Shareholding in Changhong Meiling Co., Ltd. Caitong Fund reduced holding of 5,601,671 shares in The Company via collective bidding trading during the period from 11 May 2018 to 13 July 2018, accounting for 0.5363% of the total share capital of The Company. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and [www.cninfo.com.cn](http://www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2018-003, No. 2018-017, No. 2018-018 and No.2018-044) on 16 January 2018, 14 April and 14 July.

(iii) As discussed at the 7th meeting of the 9th session of the board, the 4th meeting of the 9th session of the supervisory committee and the annual general meeting for 2017, The Company was approved to make certain accounting policy changes, implement the new business accounting standards and new requirements under the relevant requirements of the Ministry of Finance. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and [www.cninfo.com.cn](http://www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2018-005, No. 2018-006, No. 2018-010 and No.2018-029) on 16 January 2018.

(iv) As discussed at the 7th meeting of the 9th session of the board and the annual general meeting for 2017, The Company and its subsidiaries were approved to conduct forward exchange capital transactions during the period from 1 July 2018 to 30 June 2019, provided that the transaction balance shall not be more than USD700 million and the completion term for a single transaction shall be not more than one year. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and [www.cninfo.com.cn](http://www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2018-005, No. 2018-012 and No.2018-029) on 30 March 2018 and 11 May.

(v) As discussed at the 7th meeting of the 9th session of the board and the annual general meeting for 2017, the Shareholder Return Plan for the Future Three Years (2018-2020) of The Company prepared by The Company was passed. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and [www.cninfo.com.cn](http://www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2018-005, and No.2018-029) on 30 March 2018 and 11 May.

(vi) As authorized by the 7th meeting of the 9th session of the board and the annual general meeting for 2017, it was agreed that The Company and its subsidiaries apply to the Hefei Branch of Bank of Hangzhou for the bill pool special credit facility under the maximum amount of RMB600 million, apply to the Hefei Branch of Huaxia Bank for the bill pool special credit facility under the maximum amount of RMB500 million, apply to the Anhui Branch of Bank of Communication for the bill pool special credit facility under the maximum amount of RMB1.0 billion and to the Hefei Branch of China Zheshang Bank for the bill pool special credit facility under the maximum amount of RMB500 million. Found more on appointed media “Securities Times”, “China Securities

Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2018-005, No. 2018-013 and No.2018-029) on 30 March 2018 and 11 May.

(vii) The 2017 Annual Profit Distribution Plan of The Company was considered and approved at the 7th meeting of the 9th session of the board, the 4th meeting of the 8th session of the supervisory committee and the annual general meeting for 2017, for which, the independent directors of The Company issued independent opinion. Taking into account the shareholders’ interest and long-term development need of The Company, it was resolved that a cash dividend of RMB0.6 (tax included) would be paid for every 10 shares held by all the shareholders based on the total share capital of 1,044,597,881 shares as of 31 December 2017. thus, total cash dividend of RMB62,675,872.86 (tax included) was paid. After this distribution, the total share capital of The Company maintained unchanged and the remaining accumulative undistributed profit of the parent company was RMB830,766,775.42 which would be carried forward to the later years for distribution.

On 27 June 2018, the Company released the profit distribution plan for year of 2017 and implemented the plan. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2018-005 , No. 2018-006, No. 2018-029 and No.2018-040) on 30 March 2018, 11 May and 27 June.

(viii) As resolved by the 7th meeting of the 9th session of the board, The Company was agreed to subscribe the “Soochow-China Merchants Bank-Donghui No.135 Targeted Assets Management Plan” issued by Soochow Securities with its own spare funds of RMB200 million, and to sign the “Soochow-China Merchants Bank-Donghui No.135 Targeted Assets Management Plan-Targeted Assets Management Contract” with Soochow Securities. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2018-014 and No.2018-016) on 13 April 2018.

(ix) As approved at the 10th meeting of the 9th session of the board and the annual general meeting for 2017, it was agreed to amend certain provisions of the Articles of Association of The Company, such as addition of relevant provision on Party construction and separate count of votes for minority shareholders. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2018-022, No. 2018-023, No. 2018-024 and No.2018-029) on 20 April 2018 and 11 May.

(x) Shares of The Company suspended trading from 9 May 2018 since its participation in an equity acquisition of Gorenje gospodinjski aparati, d.d. (“Gorenje Company”, “Gorenje” or “Target

Company”, the headquarter of which is in Slovenia ) may constitute material assets reorganization. At the 11th meeting of the 9th session of the Board held by The Company on 7 May 2018, it was resolved by unanimous approving votes that The Company was authorized to submit the binding quotation in relation to this acquisition of equity interest of Gorenje Company under relevant requirements. On the evening of 9 May 2018 (Beijing time), after prudent negotiation with relevant parties, The Company determined to cease this bidding acquisition since The Company and Gorenje Company and its certain shareholders held material different opinions on transaction procedure and price. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and [www.cninfo.com.cn](http://www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2018-027 and No.2018-028) on 9 May 2018 and 11 May.

(xi) On 27 June 2018, The Company received an amount of RMB15,410,000 as enterprise policy fund appropriated from the Financial Treasury Payment Center of Hefei Economic and Technology Development Zone, accounting for 47.45% of the audited net profit attributable to shareholders of the listed company as set out in the latest financial statement of The Company. During the period from 1 January to 28 June 2018, the total government grant received by The Company and its subsidiaries was RMB27,479,458.67 which included the aforesaid enterprise policy fund, among which, the government grant related to income was RMB25,687,858.67 and government grant related to assets was RMB1,791,600.00. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and [www.cninfo.com.cn](http://www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2018-041) on 29 June 2018.

(xii) In order to consolidate the coordination effect between The Company and Sichuan Changhong (the controlling shareholder of The Company) and to achieve combined brand influence, further expand market and improve its capability of bargaining, The Company convened the 12th meeting of the 9th session of the board and the 2nd extraordinary general meeting for 2018 on 4 June and 21 June 2018 respectively to consider and approve the Proposal on Planned Change of the Full Name of The Company and the Abbreviated Name of Securities, pursuant to which, it was agreed that the full name of The Company changed from “合肥美菱股份有限公司” to “长虹美菱股份有限公司” (for Chinese name) and from “HEFEI MEILINGCO.,LTD.” to “CHANGHONG MEILING CO.,LTD.” (for English name). meanwhile, the abbreviated name of the A shares changed from “Meiling Appliances” to “Changhong Meiling”, and for B shares, from “Wanmeiling B” to “Hongmeiling B”. The Company obtained the updated business license from Anhui Business and Commercial Administrative Bureau on 2 July 2018, since then, The Company name was officially changed from “合肥美菱股份有限公司” to “长虹美菱股份有限公司” while other items in the business license kept unchanged.

Upon application of The Company and authorization by the Shenzhen Stock Exchange, the abbreviated name of A shares changed from “Meiling Appliances” to “Changhong Meiling”, and for

B shares, changed from “Wanmeiling B” to “Hongmeiling B” since 3 July 2018, while the stock codes of the A shares (000521) and B shares (200521) and business scope maintained unchanged.

Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and [www.cninfo.com.cn](http://www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2018-032, No. 2018-033, No. 2018-034, No. 2018-036, No. 2018-038 and No.2018-043) on 5 June 2018, 22 June and 3 July.

#### **XVII. Major event of the subsidiary**

Applicable     Not applicable



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

### I. Changes in shares

#### (i) Changes in shares

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	80,858,588	7.74%	0	0	0	-397,780	-397,780	80,460,808	7.70%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person's shares	70,793,625	6.78%	0	0	0	0	0	70,793,625	6.78%
3. Other domestic shares	8,797,543	0.84%	0	0	0	-397,780	-397,780	8,399,763	0.80%
Including: Domestic legal person's shares	4,716,077	0.45%	0	0	0	0	0	4,716,077	0.45%
Domestic natural person's shares	4,081,466	0.39%	0	0	0	-397,780	-397,780	3,683,686	0.35%
4. Foreign shares	1,267,420	0.12%	0	0	0	0	0	1,267,420	0.12%
Including: Foreign legal person's shares	0	0.00%	0	0	0	0	0	0	0.00%
Foreign natural person's shares	1,267,420	0.12%	0	0	0	0	0	1,267,420	0.12%
II. Unrestricted shares	963,739,293	92.26%	0	0	0	397,780	397,780	964,137,073	92.30%
1. RMB ordinary shares	802,142,713	76.79%	0	0	0	397,780	397,780	802,540,493	76.83%
2. Domestically listed foreign shares	161,596,580	15.47%	0	0	0	0	0	161,596,580	15.47%
3. Overseas listed foreign shares		0.00%	0	0	0	0	0	0	0.00%
4. Others		0.00%	0	0	0			0	0.00%
III. Total shares	1,044,597,881	100%	0	0	0	0	0	1,044,597,881	100%

#### 1. Reasons for share changed

Applicable  Not applicable

(1) In reporting period, the new director of the 9th BOD Mr. Hu Zhaogui holds 178,050 shares of the Company, and the 75% shares held by Hu (that is 133,537 shares) are locked up for relevant regulations since he serves director and deputy president of the Company in reporting period.

(2) In reporting period, former director Mr. Teng Guangsheng leave the office not for 6 months, and according to relevant regulations, since Mr. Teng leave the office, the 25% un-lock shares of the 117,600 shares held by Teng are lock for trading.

(3) On 21 November 2017, the original vice president Mr. Liao Tao resigned from the position of vice president due to work remove, and the original term of Mr. Liao Tao would have expired on 12 September 2020. according to the relevant requirements of the Implementation Rules on Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Management of Listed Companies Issued by Shenzhen Stock Exchange, lockup on 176,242 shares held by Mr. Liao Tao in The Company (accounting for 25% of the total shares held by him) were released during the Reporting Period, and the remaining shares held by him would be continually locked up.

(4) On 24 October 2017, the original vice president and financial principal Mr. Zhang Xiaolong resigned from the position of vice president and financial principal due to work remove, and the original term of Mr. Zhang Xiaolong would have expired on 12 September 2020. according to the relevant requirements of the Implementation Rules on Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Management of Listed Companies Issued by Shenzhen Stock Exchange, lockup on 121,175 shares held by Mr. Zhang Xiaolong in The Company (accounting for 25% of the total shares held by him) were released during the Reporting Period, and the remaining shares held by him would be continually locked up.

2. Approval of share changed

Applicable  Not applicable

3. Ownership transfer of share changed

Applicable  Not applicable

4. 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

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

Applicable  Not applicable

**(ii) Changes of restricted shares**

Applicable  Not applicable

In Share

Shareholders	Opening shares	Shares released in	Restricted Shares	Ending shares	Restricted reasons	Date for released
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	restricted	Period	Increased In the Period	restricted		
Hu Zhaogui	0	-	133,537	133,537	Share lockup in senior executives	25% of the Company's stock held by Hu can be lifted the restrictions each year, at the same time, see details on "III The commitments" of "Section V Important Matters" in Annual Report 2017 if the stock held by Hu has other restrictions.
Teng Guangsheng	88,200	-	29,400	117,600	Share lockup in senior executives	On 2 June 2018, Teng resigned from director of the Company for personal reasons, the original expired office term would have expired on 12 September 2020. According to the relevant requirements of the Implementation Rules on Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Management of Listed Companies Issued by Shenzhen Stock Exchange, where a director, supervisor or senior management resigns prior to expiration of his term, shares transferred each year during the term as determined when he takes the position and the six months upon expiration of his term shall not exceed 25% of the total shares held by him in The Company, and he is not allowed to transfer the shares held by him in The Company within six months after his resignation.
Yu Wanchun	263,300	263,300	0	0	Share lockup in senior executives	On 12 September 2017, Yu did not served as chairman of the supervisory of the Company for change the term of Supervisory. During the period, Yu has leaved the office for 6 months, shares held by Yu are released for trading in total.
Liao Tao	704,966	176,242	0	528,724	Share lockup in senior executives	On 21 Nov. 2017, Liao resigned from deputy president of the Company for work remove, the original office term would have expired on 12 September 2020. According to the relevant requirements of the Implementation Rules on Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Management of Listed Companies Issued by Shenzhen Stock Exchange, where a director, supervisor or senior management resigns prior to expiration of his term, shares transferred each year during the term as determined when he takes the position and the six months upon expiration of his term shall not exceed

						25% of the total shares held by him in The Company, and he is not allowed to transfer the shares held by him in The Company within six months after his resignation.
Zhang Xiaolong	484,700	121,175	0	363,525	Share lockup in senior executives	On 24 Oct. 2017, Zhang resigned from deputy president and CFO of the Company for work remove, the original office term would expire on 12 September 2020. According to the relevant requirements of the Implementation Rules on Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Management of Listed Companies Issued by Shenzhen Stock Exchange, where a director, supervisor or senior management resigns prior to expiration of his term, shares transferred each year during the term as determined when he takes the position and the six months upon expiration of his term shall not exceed 25% of the total shares held by him in The Company, and he is not allowed to transfer the shares held by him in The Company within six months after his resignation.
Total	1,541,166	560,717	162,937	1,143,386	--	--

## II. Security offering and listing

Applicable  Not applicable

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

In share

Total common shareholders in reporting period-end		60,629	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (note 8)						
Particulars about shares held above 5% by common shareholders or top 10 common shares holding									
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total common shareholders at the end of report period	Changes in report period	Amount of restricted common shares held	Amount of un-restricted common shares held	Number of share pledged/frozen		
							State of share	Amount	
Sichuan Changhong Electric Co., Ltd.	State-owned legal person	22.47%	234,705,968	0	69,877,638	164,828,330	--	--	
Hefei Industry Investment Holding (Group) Co., Ltd.	State-owned legal person	4.58%	47,823,401	0	0	47,823,401	--	--	
CHANGHONG (HK) TRADING	Foreign legal	2.96%	30,895,442	0	0	30,895,442	--	--	

LIMITED (note 1)	person								
Ping An Annuity Insurance Company of China, Ltd. – Ping An Pension Ruifu private placement No.1 Assets Management Products	Domestic non state-owned corporate	2.26%	23,613,595	0	0	23,613,595	--	--	
CAO SHENGCHUN	Foreign natural person	1.32%	13,829,383	0	0	13,829,383	--	--	
Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd.	Domestic non state-owned corporate	1.20%	12,522,361	0	0	12,522,361	--	--	
Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	Domestic non state-owned corporate	1.03%	10,733,452	0	0	10,733,452	--	--	
National Social Security Funds-504	Domestic non state-owned corporate	0.94%	9,838,998	0	0	9,838,998	--	--	
Caitong Fund- CEB – Soochow Securities Co., Ltd.	Domestic non state-owned corporate	0.80%	8,370,031	-574,513	0	8,370,031	--	--	
Shenzhen Dewei Capital Investment Management Co., Ltd. – Dewei Capital Commodity No.1 Private Equity	Domestic non state-owned corporate	0.78%	8,167,695	8,167,695	0	8,167,695	--	--	
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable)	Not applicable								
Explanation on associated relationship among the aforesaid shareholders	<p>Among the above shareholders, CHANGHONG (HK) TRADING LIMITED is the wholly-owned subsidiary of Sichuan Changhong Electronic Co., Ltd.; 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 Electronic Co., Ltd., CHANGHONG (HK) TRADING LIMITED. and other top 8 shareholders;</p> <p>Ping An Annuity Insurance Company of China, Ltd. – Ping An Pension Ruifu private placement No.1 Assets Management Products has subscribed the products managed by Ping An Annuity Insurance Company of China, Ltd. in the Company's non-public offering of shares in 2016; Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd. have subscribed the products managed by Ping An Dahua Fund Management Co., Ltd. in the Company's non-public offering of shares in 2016; Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership) and Caitong Fund- CEB – Soochow Securities Co., Ltd. have subscribed the products managed by Caitong Fund Management Co., Ltd. in the Company's non-public offering of shares in 2016; “National Social Security Funds-504” has</p>								

	subscribed the products managed by Harvest Fund Management Co., Ltd. in the Company's non-public offering of shares in 2016. The Company neither knows whether there is any association among other shareholders, nor knows whether other shareholders belong to the persons acting in concert that is stipulated in the "Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies".		
Particular about top ten common shareholders with un-restrict shares held			
Shareholders' name	Amount of unrestricted common shares held at end of Period	Type of shares	
		Type	Amount
Sichuan Changhong Electric Co., Ltd.	164,828,330	RMB ordinary shares	164,828,330
Hefei Industry Investment Holding (Group) Co., Ltd.	47,823,401	RMB ordinary shares	47,823,401
CHANGHONG (HK) TRADING LIMITED	30,895,442	Domestically listed foreign shares	30,895,442
Ping An Annuity Insurance Company of China, Ltd. – Ping An Pension Ruifu private placement No.1 Assets Management Products	23,613,595	RMB ordinary shares	23,613,595
CAO SHENGCHUN	13,829,383	Domestically listed foreign shares	13,829,383
Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd.	12,522,361	RMB ordinary shares	12,522,361
Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	10,733,452	RMB ordinary shares	10,733,452
National Social Security Funds-504	9,838,998	RMB ordinary shares	9,838,998
Caitong Fund- CEB – Soochow Securities Co., Ltd.	8,370,031	RMB ordinary shares	8,370,031
Shenzhen Dewei Capital Investment Management Co., Ltd. – Dewei Capital Commodity No.1 Private Equity	8,167,695	RMB ordinary shares	8,167,695
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 relevant notes in "Particulars about shares held above 5% by common shareholders or top 10 common shares holding"		
Explanation on top ten common shareholders involving margin business (if applicable)	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 30,895,442 shares, among which, 3,817,645 shares are held through Philip Securities (H.K.) Co., Ltd.

Note 2: In the above table, "the shareholding situation of the shareholders hold more than 5% of shares or the top ten shareholders" is subject to the data on stock transfer books provided by China Securities Depository and Clearing Corporation Limited Shenzhen Branch. In 2016, 7 issuing objects including Sichuan Changhong Electric Co., Ltd. , Ping An Dahua Fund Management Co., Ltd., Golden Eagle Fund Management Co., Ltd., Harvest Fund Management Co., Ltd., Ping An Endowment Insurance Co., Ltd., Rongtong Fund Management Co., Ltd., and Caitong Fund Management Co., Ltd. have subscribed the Company's non-public offering of shares in 2016. Up to the reporting date, other six issuing objects, except Sichuan Changhong, holds 210,981,038 shares in total with 12 months restriction term expired, the shares are listed for trading on 16 October 2017. More details can be found on relevant announcement respectively released on 13 October 2016 and 13 October 2017 (Announcement No.: 2016-057 and No.: 2017-079)

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 controlling shareholder or actual controller**

Changes of controlling shareholder in reporting period

Applicable  Not applicable

No change of controlling shareholder in reporting period.

Changes of actual controller in reporting period

Applicable  Not applicable

No changes of actual controller in reporting period.

## Section VII. Preferred Stock

Applicable  Not applicable

The Company had no preferred stock in the reporting period.



## Section VIII. Particular about Directors, Supervisors and Senior Executives

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

Applicable  Not applicable

Shares held by directors, supervisors and senior executive of the Company had no changes, more details can be seen in Annual Report 2017.

### II. Changes of directors, supervisors and senior executive

Applicable  Not applicable

Name	Position	Type	Date	Reasons
Teng Guangsheng	Director	Office leaving	2018-6-2	Resigned as director of the Company for personal reasons
Hu Zhaogui	Director	Election	2018-6-21	Mr. Hu Zhaogui was elected as non-independent director of 9 <sup>th</sup> BOD in the resolution of 2 <sup>nd</sup> extraordinary general meeting of 2018, office term same as the Board
	Deputy president	Appointment	2018-6-21	Mr. Hu Zhaogui was appointed as deputy president of the Company in the resolution of 13 <sup>th</sup> session of 9 <sup>th</sup> BOD, office term same as the Board

## Section IX Corporate Bond

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when semi-annual report approved for released or fail to cash in full on due: No

## Section X. Financial Report

### I. Audit reports

Whether the semi-annual report was audited or not

Yes  No

The semi-annual report was not audited.

### II. Financial statements

Units in Notes of Financial Statements is RMB

#### 1. Consolidated Balance Sheet

Prepared by ChangHong Meiling Co., Ltd.

2018-6-30

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	3,932,190,042.36	5,283,081,788.04
Settlement provisions		
Capital lent		
Financial assets measured by fair value and with variation reckoned into current gains/losses	25,071,423.11	15,646,731.48
Derivative financial liability		
Notes receivable	2,823,082,096.04	2,074,648,484.36
Accounts receivable	2,070,276,216.71	1,780,416,509.02
Accounts paid in advance	156,735,516.96	200,106,216.59
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable	1,693,400.99	4,692,303.18
Dividend receivable		
Other receivables	63,768,875.04	64,358,959.73
Purchase restituted finance asset		
Inventories	3,421,144,669.90	2,918,100,650.27

Assets held for sale		
Non-current asset due within one year		44,497,902.00
Other current assets	1,955,160,840.92	801,894,930.97
Total current assets	14,449,123,082.03	13,187,444,475.64
Non-current assets:		
Loans and payments on behalf		
Finance asset available for sales	31,000,000.00	31,000,000.00
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment	72,461,723.36	90,534,671.92
Investment real estate	31,984,052.33	9,569,711.72
Fixed assets	1,490,510,897.78	1,439,427,226.50
Construction in progress	348,427,423.70	174,857,717.15
Engineering material		
Disposal of fixed asset	75,875,517.11	75,875,517.11
Productive biological asset		
Oil and gas asset		
Intangible assets	777,802,216.45	772,853,622.41
Expense on Research and Development	106,692,527.35	85,624,078.79
Goodwill		
Long-term expenses to be apportioned	1,652,664.54	3,635,861.94
Deferred income tax asset	100,035,028.65	90,689,083.63
Other non-current asset		
Total non-current asset	3,036,442,051.27	2,774,067,491.17
Total assets	17,485,565,133.30	15,961,511,966.81
Current liabilities:		
Short-term loans	1,725,908,730.38	1,631,206,000.00
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Financial liability measured by fair value and with variation reckoned into current gains/losses	44,249,602.74	16,034,000.00

Derivative financial liability		
Notes payable	4,115,118,363.45	4,006,765,857.99
Accounts payable	4,135,935,489.96	2,869,886,049.19
Accounts received in advance	477,631,553.78	438,386,810.72
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	170,819,594.58	184,819,166.86
Taxes payable	47,888,175.17	61,292,671.72
Interest payable	7,063,981.64	6,441,508.68
Dividend payable	55,793,659.91	2,890,364.80
Other accounts payable	823,635,592.47	834,285,636.00
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Liability held for sale		
Non-current liabilities due within 1 year	264,293,857.23	46,454,376.68
Other current liabilities		
Total current liabilities	11,868,338,601.31	10,098,462,442.64
Non-current liabilities:		
Long-term loans	2,520,000.00	253,160,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable	10,630,173.13	10,953,687.53
Long-term wages payable	21,227,330.88	24,645,421.94
Special accounts payable	1,530,000.00	1,530,000.00
Projected liabilities	310,881,492.14	313,013,878.20
Deferred income	109,659,868.71	102,569,955.39
Deferred income tax liabilities	709,021.19	
Other non-current liabilities		
Total non-current liabilities	457,157,886.05	705,872,943.06

Total liabilities	12,325,496,487.36	10,804,335,385.70
Owner's equity:		
Share capital	1,044,597,881.00	1,044,597,881.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	2,684,388,223.63	2,684,806,344.07
Less: Inventory shares		
Other comprehensive income	-14,255,671.73	-7,262,322.02
Reasonable reserve		
Surplus public reserve	391,029,420.33	391,029,420.33
Provision of general risk		
Retained profit	925,903,130.80	937,894,771.93
Total owner's equity attributable to parent company	5,031,662,984.03	5,051,066,095.31
Minority interests	128,405,661.91	106,110,485.80
Total owner's equity	5,160,068,645.94	5,157,176,581.11
Total liabilities and owner's equity	17,485,565,133.30	15,961,511,966.81

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

## 2. Balance Sheet of Parent Company

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	2,130,159,682.88	3,411,454,144.54
Financial assets measured by fair value and with variation reckoned into current gains/losses	25,071,423.11	14,077,531.48
Derivative financial liability		
Notes receivable	1,940,771,413.60	1,748,615,925.92
Accounts receivable	1,023,952,726.61	1,372,870,968.26

Account paid in advance	97,965,374.77	162,232,742.46
Interest receivable		
Dividends receivable		
Other receivables	43,921,115.46	39,849,732.36
Inventories	1,257,464,879.26	1,028,423,929.21
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	1,841,691,489.11	615,877,268.44
Total current assets	8,360,998,104.80	8,393,402,242.67
Non-current assets:		
Available-for-sale financial assets	31,000,000.00	31,000,000.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	1,737,801,038.34	1,705,007,815.84
Investment real estate	7,789,669.61	7,960,789.08
Fixed assets	953,615,542.13	933,149,895.50
Construction in progress	116,231,600.77	67,205,463.02
Project materials		
Disposal of fixed assets	43,582,333.35	43,582,333.35
Productive biological assets		
Oil and natural gas assets		
Intangible assets	466,332,549.61	457,534,626.06
Research and development costs	19,913,699.11	23,782,085.92
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	78,613,204.03	76,015,591.58
Other non-current assets		
Total non-current assets	3,454,879,636.95	3,345,238,600.35
Total assets	11,815,877,741.75	11,738,640,843.02
Current liabilities:		
Short-term borrowings	1,212,605,090.00	1,186,026,000.00

Financial liability measured by fair value and with variation reckoned into current gains/losses	30,428,250.00	16,034,000.00
Derivative financial liability		
Notes payable	1,842,986,040.68	2,001,732,195.76
Accounts payable	2,098,915,225.20	1,674,129,819.20
Accounts received in advance	86,763,150.83	53,558,493.11
Wage payable	14,123,646.07	33,060,896.41
Taxes payable	16,618,559.68	16,641,410.98
Interest payable	1,168,235.19	3,999,358.60
Dividend payable	55,793,659.91	2,890,364.80
Other accounts payable	741,600,562.10	1,013,257,972.75
Liability held for sale		
Non-current liabilities due within 1 year	257,715,255.68	7,715,255.20
Other current liabilities		
Total current liabilities	6,358,717,675.34	6,009,045,766.81
Non-current liabilities:		
Long-term loans	2,520,000.00	253,160,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable	21,227,330.88	24,645,421.94
Special accounts payable		
Projected liabilities	310,881,492.14	313,013,878.20
Deferred income	53,049,356.73	56,906,985.04
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	387,678,179.75	647,726,285.18
Total liabilities	6,746,395,855.09	6,656,772,051.99
Owners' equity:		
Share capita	1,044,597,881.00	1,044,597,881.00



Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	2,753,017,007.10	2,753,017,007.10
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus reserve	390,811,254.65	390,811,254.65
Retained profit	881,055,743.91	893,442,648.28
Total owner's equity	5,069,481,886.66	5,081,868,791.03
Total liabilities and owner's equity	11,815,877,741.75	11,738,640,843.02

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

### 3. Consolidated Profit Statement

In RMB

Item	Current Period	Last Period
I. Total operating income	9,271,509,569.67	8,517,794,193.10
Including: Operating income	9,271,509,569.67	8,517,794,193.10
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	9,260,194,700.16	8,436,805,983.05
Including: Operating cost	7,758,153,561.09	6,996,226,048.85
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		

Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	65,046,860.70	65,836,020.31
Sales expenses	1,189,741,101.32	1,140,172,032.08
Administration expenses	241,775,084.33	222,533,091.74
Financial expenses	-13,460,027.93	-33,454,482.67
Losses of devaluation of asset	18,938,120.65	45,493,272.74
Add: Changing income of fair value(Loss is listed with “-”)	-18,790,911.11	-10,359,085.30
Investment income (Loss is listed with “-”)	14,749,419.09	23,593,349.66
Including: Investment income on affiliated company and joint venture	-15,674,377.81	-3,226,328.17
Exchange income (Loss is listed with “-”)		
Income from assets disposal (Loss is listed with “-”)	3,283,766.57	-11,098,098.67
Other income	48,561,057.62	23,763,000.16
III. Operating profit (Loss is listed with “-”)	59,118,201.68	106,887,375.90
Add: Non-operating income	4,082,102.58	742,308.82
Less: Non-operating expense	40,791.25	95,425.47
IV. Total Profit (Loss is listed with “-”)	63,159,513.01	107,534,259.25
Less: Income tax expense	10,150,948.29	9,439,557.86
V. Net profit (Net loss is listed with “-”)	53,008,564.72	98,094,701.39
(i) net profit from continuous operation (Net loss is listed with “-”)	53,008,564.72	98,094,701.39
(ii) net profit from discontinued operation (Net loss is listed with “-”)		
Net profit attributable to owner’s of parent company	50,684,231.73	92,075,039.77
Minority shareholders’ gains and losses	2,324,332.99	6,019,661.62
VI. Net after-tax of other comprehensive income	-8,939,360.51	-3,352,515.41
Net after-tax of other comprehensive income attributable to owners of parent company	-6,993,349.71	-2,536,079.62
(i) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan		

liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss	-6,993,349.71	-2,536,079.62
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements	-6,993,349.71	-2,536,079.62
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders	-1,946,010.80	-816,435.79
VII. Total comprehensive income	44,069,204.21	94,742,185.98
Total comprehensive income attributable to owners of parent Company	43,690,882.02	89,538,960.15
Total comprehensive income attributable to minority shareholders	378,322.19	5,203,225.83
VIII. Earnings per share:		
(i) Basic earnings per share	0.0485	0.0881
(ii) Diluted earnings per share	0.0485	0.0881

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: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

#### 4. Profit Statement of Parent Company

In RMB

Item	Current period	Last period
I. Operation income	4,393,245,102.05	4,129,608,352.50
Less: Operating cost	3,953,902,686.95	3,775,369,456.26
Tax and extras	29,723,713.26	27,722,529.70
Sales expenses	300,004,706.73	231,438,219.07
Administration expenses	103,842,950.79	109,065,216.23
Financial expenses	13,171,889.86	-37,206,339.33
Losses of devaluation of asset	4,217,403.31	4,856,561.37
Add: Changing income of fair value(Loss is listed with “-”)	-3,400,358.37	-10,927,134.88
Investment income (Loss is listed with “-”)	23,950,589.55	29,730,083.95
Including: Investment income on affiliated company and joint venture	2,089,222.50	3,105,463.66
Income from assets disposal (Loss is listed with “-”)	-877,303.84	-1,443,561.25
Other income	36,053,817.83	7,156,694.17
II. Operating profit (Loss is listed with “-”)	44,108,496.32	42,878,791.19
Add: Non-operating income	3,746,592.46	262,024.81
Less: Non-operating expense		4,340.60
III. Total Profit (Loss is listed with “-”)	47,855,088.78	43,136,475.40
Less: Income tax expense	-2,433,879.71	3,997,506.37
IV. Net profit (Net loss is listed with “-”)	50,288,968.49	39,138,969.03
(i) net profit from continuous operation (Net loss is listed with “-”)	50,288,968.49	39,138,969.03
(ii) net profit from discontinued operation (Net loss is 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 as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
VI. Total comprehensive income	50,288,968.49	39,138,969.03
VII. Earnings per share:		
(i) Basic earnings per share	0.0481	0.0375
(ii) Diluted earnings per share	0.0481	0.0375

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

## 5. Consolidated Cash Flow Statement

In RMB

Item	Current period	Last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	7,815,961,903.35	6,755,539,540.78
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		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received	287,003,816.39	205,339,020.51
Other cash received concerning operating activities	125,462,336.78	16,569,072.09
Subtotal of cash inflow arising from operating activities	8,228,428,056.52	6,977,447,633.38
Cash paid for purchasing commodities and receiving labor service	6,674,753,714.94	5,258,471,672.84
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	812,465,740.75	704,133,083.60
Taxes paid	176,250,920.48	210,338,863.27
Other cash paid concerning operating activities	404,468,319.29	320,273,315.76
Subtotal of cash outflow arising from operating activities	8,067,938,695.46	6,493,216,935.47
Net cash flows arising from operating activities	160,489,361.06	484,230,697.91
II. Cash flows arising from investing activities:		

Cash received from recovering investment	1,100,000,000.00	1,457,000,000.00
Cash received from investment income	19,903,288.36	27,800,453.69
Net cash received from disposal of fixed, intangible and other long-term assets	335,030.00	2,614,755.73
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	84,470,020.72	41,477,206.87
Subtotal of cash inflow from investing activities	1,204,708,339.08	1,528,892,416.29
Cash paid for purchasing fixed, intangible and other long-term assets	271,319,288.71	239,785,175.33
Cash paid for investment	2,280,000,001.00	1,853,000,021.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	270,000.00	998,270.61
Subtotal of cash outflow from investing activities	2,551,589,289.71	2,093,783,466.94
Net cash flows arising from investing activities	-1,346,880,950.63	-564,891,050.65
III. Cash flows arising from financing activities		
Cash received from absorbing investment	24,865,000.00	20,000,000.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	24,865,000.00	
Cash received from loans	1,505,066,261.86	1,685,653,798.22
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	1,529,931,261.86	1,705,653,798.22
Cash paid for settling debts	1,614,170,535.14	737,057,083.32
Cash paid for dividend and profit distributing or interest paying	53,723,439.04	57,193,407.84
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	2,015,179.95	151,611.24
Subtotal of cash outflow from financing activities	1,669,909,154.13	794,402,102.40
Net cash flows arising from financing activities	-139,977,892.27	911,251,695.82
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	2,847,735.86	-7,231,244.45
V. Net increase of cash and cash equivalents	-1,323,521,745.98	823,360,098.63

Add: Balance of cash and cash equivalents at the period -begin	5,089,765,770.39	3,986,098,419.76
VI. Balance of cash and cash equivalents at the period -end	3,766,244,024.41	4,809,458,518.39

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

## 6. Cash Flow Statement of Parent Company

In RMB

Item	Current period	Last period
<b>I. Cash flows arising from operating activities:</b>		
Cash received from selling commodities and providing labor services	3,719,566,923.02	2,847,697,427.41
Write-back of tax received	119,492,496.21	97,733,874.40
Other cash received concerning operating activities	42,262,676.35	13,343,872.91
Subtotal of cash inflow arising from operating activities	3,881,322,095.58	2,958,775,174.72
Cash paid for purchasing commodities and receiving labor service	3,286,810,130.57	3,270,599,036.24
Cash paid to/for staff and workers	263,976,937.91	292,673,473.80
Taxes paid	41,814,106.04	39,983,393.59
Other cash paid concerning operating activities	165,818,202.68	111,308,401.29
Subtotal of cash outflow arising from operating activities	3,758,419,377.20	3,714,564,304.92
Net cash flows arising from operating activities	122,902,718.38	-755,789,130.20
<b>II. Cash flows arising from investing activities:</b>		
Cash received from recovering investment	1,060,000,000.00	1,430,000,000.00
Cash received from investment income	22,524,918.51	27,605,396.15
Net cash received from disposal of fixed, intangible and other long-term assets	220,000.00	566,647.40
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	72,631,956.88	41,875,620.90
Subtotal of cash inflow from investing activities	1,155,376,875.39	1,500,047,664.45
Cash paid for purchasing fixed, intangible and other long-term assets	84,879,645.66	190,548,277.28



Cash paid for investment	2,290,704,000.00	1,494,528,000.00
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities	30,000,000.00	998,270.61
Subtotal of cash outflow from investing activities	2,405,583,645.66	1,686,074,547.89
Net cash flows arising from investing activities	-1,250,206,770.27	-186,026,883.44
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	1,144,720,995.00	1,633,110,198.22
Cash received from issuing bonds		
Other cash received concerning financing activities	6,540,910.71	142,854,592.22
Subtotal of cash inflow from financing activities	1,151,261,905.71	1,775,964,790.44
Cash paid for settling debts	1,133,072,000.00	737,057,083.32
Cash paid for dividend and profit distributing or interest paying	48,536,956.18	56,234,951.49
Other cash paid concerning financing activities	119,502,958.37	35,096,664.55
Subtotal of cash outflow from financing activities	1,301,111,914.55	828,388,699.36
Net cash flows arising from financing activities	-149,850,008.84	947,576,091.08
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-2,715,680.93	-4,752,741.88
V. Net increase of cash and cash equivalents	-1,279,869,741.66	1,007,335.56
Add: Balance of cash and cash equivalents at the period -begin	3,410,029,424.54	3,067,671,385.08
VI. Balance of cash and cash equivalents at the period -end	2,130,159,682.88	3,068,678,720.64

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

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

Current period

In RMB

Item	Current period												
	Owners' equity attributable to parent company											Minority interests	Total owners' equity
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit		
	Preferred stock	Perpetual capital securities	Other										
I. Balance at the end of the last year	1,044,597,881.00				2,684,806,344.07		-7,262,322.02		391,029,420.33		937,894,771.93	106,110,485.80	5,157,176,581.11
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combined under the same control													
Other													
II. Balance at the beginning of this year	1,044,597,881.00				2,684,806,344.07		-7,262,322.02		391,029,420.33		937,894,771.93	106,110,485.80	5,157,176,581.11
III. Increase/ Decrease in this year (Decrease is listed with "-")					-418,120.44		-6,993,349.71				-11,991,641.13	22,295,176.11	2,892,064.83
(i) Total comprehensive income							-6,993,349.71				50,684,231.73	378,322.19	44,069,204.21
(ii) Owners' devoted and decreased capital					-418,120.44							22,865,000.00	22,446,879.56

1. Common shares invested by shareholders												22,865,000.00	22,865,000.00	
2. Capital invested by holders of other equity instruments														
3. Amount reckoned into owners equity with share-based payment														
4. Other					-418,120.44								-418,120.44	
(III) Profit distribution												-62,675,872.86	-948,146.08	-63,624,018.94
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk provisions														
3. Distribution for owners (or shareholders)												-62,675,872.86	-1,366,265.52	-64,042,138.38
4. Other													418,119.44	418,119.44
(IV) Carrying forward internal owners' equity														
1. Capital reserves converted to capital (share capital)														
2. Surplus reserves converted to capital (share capital)														
3. Remedying loss with surplus reserve														
4. Other														
(V) Reasonable reserve														
1. Withdrawal in the report period														
2. Usage in the report period														

(VI)Others													
IV. Balance at the end of the report period	1,044,597,881.00				2,684,388,223.63		-14,255,671.73		391,029,420.33		925,903,130.80	128,405,661.91	5,160,068,645.94

Last period

In RMB

Item	Last period											Minority interests	Total owners' equity
	Owners' equity attributable to 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		
Preferred stock		Perpetual capital securities	Other										
I. Balance at the end of the last year	1,044,597,881.00				2,687,961,060.65		3,474,546.95		391,029,420.33		968,097,382.98	70,921,198.01	5,166,081,489.92
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combined under the same control													
Other													
II. Balance at the beginning of this year	1,044,597,881.00				2,687,961,060.65		3,474,546.95		391,029,420.33		968,097,382.98	70,921,198.01	5,166,081,489.92
III. Increase/ Decrease in this year (Decrease is listed with "-")					-3,154,716.58		-10,736,868.97				-30,202,611.05	35,189,287.79	-8,904,908.81
(i) Total comprehensive income							-10,736,868.97				32,473,204.92	3,621,327.79	25,357,663.74

(ii) Owners' devoted and decreased capital					-3,154,716.58							31,567,960.00	28,413,243.42
1. Common shares invested by shareholders												32,255,000.00	32,255,000.00
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													
4 Other					-3,154,716.58							-687,040.00	-3,841,756.58
(III) Profit distribution												-62,675,815.97	-62,675,815.97
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)												-62,675,815.97	-62,675,815.97
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. Other													
(V) Reasonable reserve													
1. Withdrawal in the report period													

2. Usage in the report period													
(VI)Others													
IV. Balance at the end of the report period	1,044,597,881.00				2,684,806,344.07		-7,262,322.02		391,029,420.33		937,894,771.93	106,110,485.80	5,157,176,581.11

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

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

Current period

In RMB

Item	Current period										
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Total owners' equity
		Preferred stock	Perpetual capital securities	Other							
I. Balance at the end of the last year	1,044,597,881.00				2,753,017,007.10				390,811,254.65	893,442,648.28	5,081,868,791.03
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	1,044,597,881.00				2,753,017,007.10				390,811,254.65	893,442,648.28	5,081,868,791.03
III. Increase/ Decrease in this year (Decrease is listed with "-")										-12,386,904.37	-12,386,904.37
(i) Total comprehensive income										50,288,968.49	50,288,968.49
(ii) Owners' devoted and decreased capital											
1.Common shares invested by											

shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other											
(III) Profit distribution									-62,675,872.86	-62,675,872.86	
1. Withdrawal of surplus reserves											
2. Distribution for owners (or shareholders)									-62,675,872.86	-62,675,872.86	
3. Other											
(IV) Carrying forward internal owners' equity											
1. Capital reserves converted to capital (share capital)											
2. Surplus reserves converted to capital (share capital)											
3. Remedying loss with surplus reserve											
4. Other											
(V) Reasonable reserve											
1. Withdrawal in the report period											
2. Usage in the report period											
(VI)Others											
IV. Balance at the end of the report period	1,044,597,881.00					2,753,017,007.10			390,811,254.65	881,055,743.91	5,069,481,886.66

Last period

In RMB

Item	Last period								
	Share capital	Other equity instrument	Capital reserve	Less: Inventor	Other compreh	Reasonabl e reserve	Surplus reserve	Retained profit	Total owners' equity

		Preferred stock	Perpetual capital securities	Other		y shares	ensive income				
I. Balance at the end of the last year	1,044,597,881.00				2,753,017,007.10				390,811,254.65	956,339,194.01	5,144,765,336.76
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	1,044,597,881.00				2,753,017,007.10				390,811,254.65	956,339,194.01	5,144,765,336.76
III. Increase/ Decrease in this year (Decrease is listed with “-”)										-62,896,545.73	-62,896,545.73
(i) Total comprehensive income										-220,729.76	-220,729.76
(ii) Owners’ devoted and decreased capital											
1. Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other											
(III) Profit distribution										-62,675,815.97	-62,675,815.97
1. Withdrawal of surplus reserves											
2. Distribution for owners (or shareholders)										-62,675,815.97	-62,675,815.97
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. Remediating loss with surplus reserve											
4. Other											
(V) Reasonable reserve											
1. Withdrawal in the report period											
2. Usage in the report period											
(VI)Others											
IV. Balance at the end of the report period	1,044,597,881.00				2,753,017,007.10				390,811,254.65	893,442,648.28	5,081,868,791.03

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

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### **I. Company profile**

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

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

On 27 August 2007, State-owned Assets Supervision & Administration Commission of Anhui Provincial Government replied with Document [WGZCQH (2007) No.309] Reply on “Related Matters of Share Merger Reform of Meiling Co., Ltd.”, agreed the Company’s ownership split reform plan. The Company made consideration that non-tradable share holders deliver 1.5 shares to A share holders per 10 shares, and original Meiling Group made prepayment 3,360,329 shares for some non-tradable share holders as consideration for split reform plan.

On 29 May 2008, concerning 34,359,384 state-owned shares (including 3,360,329 shares paid for other non-tradable shareholders by original Meiling Group in share reform) held by original Meiling Group, the “Notice of Freely Transfer of Meiling Electrics Equity held by Meiling Group”[HGZCQ(2008) No. 59] issued from State-owned Assets Supervision & Administration Commission of Hefei Municipal, agrees to transfer the above said shares to Hefei Xingtai Holding Group Co., Ltd.(“Xingtai Holding Co.,”) for free. On 7 August 2008, the “Reply of Transfer Freely of Part of the Shares of Hefei Meiling Co., Ltd. held by State-owned shareholders” [GZCQ (2007) No. 750] issued by SASAC, agrees the above said transferring.

On October 29, 2008, Changhong Group Company signed Agreement on Equity Transfer of Hefei

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

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Meiling Co., Ltd with Sichuan Changhong, in which 32,078,846 tradable A-shares with conditional subscription of the Company (accounting for 7.76% in total shares) held by Changhong Group Company. On 23 December 2008, “Reply of Transfer Freely of Part of the Shares of Hefei Meiling Co., Ltd. held by State-owned shareholders” [GZCQ (2008) No. 1412] issued by SASAC agrees the above said share transferring.

On 24 December 2010, being deliberated and approved in 32<sup>nd</sup> Meeting of 6<sup>th</sup> Session of the Board and 2<sup>nd</sup> Extraordinary Shareholders’ General Meeting of 2010 as well as approval of document [ZJXP(2010) No. 1715] from CSRC, totally 116,731,500 RMB ordinary shares (A stock) were offering privately to target investors with issue price of RMB 10.28/share. Capital collecting amounting to RMB 1,199,999,820 after issuing expenses RMB 22,045,500 deducted, net capital collected amounting to RMB 1,177,954,320, and paid-in capital(share capital) increased RMB 116,731,500 with capital reserve(share premium) RMB 1,061,106,088.5 increased. The increasing capital has been verified by Capital Verification Report No.: [XYZH2010CDA6021] issued from Shinwing CPA Co., Ltd.

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

On 26 June 2012, the general meeting of the Company considered and approved the 2011 profit distribution and capitalization of capital reserve plan, namely to distribute cash dividends of 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 12<sup>th</sup> meeting of the 8<sup>th</sup> Board of Directors of the company and the first extraordinary general meeting in 2016, and approved by the document of China Securities Regulatory Commission [CSRC License No. (2016) 1396] “Reply to the approval of non-public offering of shares of Hefei Meiling Co., Ltd.”, the company has actually raised funds of 1,569,999,998.84 Yuan by non-public offering of no more than 334,042,553 new shares at face value of RMB 1 Yuan per share and with issue price no less than RMB 4.70 per share, after deducting the issue costs of 29,267,276.08 Yuan, the net amount of raised funds is 1,540,732,722.76 Yuan, the

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

increased paid-in capital (share capital) of RMB 280,858,676.00 Yuan , increased capital reserve (share premium) of 1,259,874,046.76 Yuan . This capital increase has been verified by No. [XYZH2016CDA40272] capital verification report of ShineWing Certified Public Accountants special general partnership.

Ended as 30 June 2018, total share capital of the Company amounting to 1,044,597,881 shares with ordinary shares in full. Among which, 881,733,881 shares of A-share accounting 84.41% in total shares while B-share with 162,864,000 shares accounting 15.59% in total shares. Detail share capital as:

Type of stock	Quantity	Proportion
<b>(I)Restricted shares</b>	<b>80,460,808</b>	<b>7.70%</b>
1. State-owned shares		
2. State-owned legal person's shares	70,793,625	6.78%
3. Other domestic shares	8,399,763	0.80%
Including: Domestic legal person's shares	4,716,077	0.45%
Domestic natural person's shares	3,683,686	0.35%
4. Foreign shares	1,267,420	0.12%
Including: Overseas natural person's shares	1,267,420	0.12%
<b>(II)Unrestricted shares</b>	<b>964,137,073</b>	<b>92.30%</b>
1. RMB Ordinary shares	802,540,493	76.83%
2. Domestically listed foreign shares	161,596,580	15.47%
3. Overseas listed foreign shares		
4. Others		
<b>Total shares</b>	<b>1,044,597,881</b>	<b>100.00%</b>

The Company belongs to the manufacture of light industry, and engaged in the production and sale of refrigerator, freezer and air-conditioner. Unified social credit code of the Company: 9134000014918555XK; Address: No.2163, Lianhua Road, Economy and Technology Development Zone, Hefei City; Legal Representative: Li Wei; register capital (paid-in capital): RMB 1,044,597,881; type of company: limited liability company(joint venture and listed of Taiwan, Hong Kong and Macau) Business Scope: R&D, manufacture and sales of cooling apparatus, air-conditioner, washing machine, water heater, kitchenware, home decoration, bathroom, lamps & lanterns, household & similar appliance, injection plastic machine of computer controlling, plastic products, metalwork, packaging products and decorations as well as the installation and technical consultant services. Business of self-produced products, technology export and import-export of the raw&auxiliary materials, machinery equipment, instrument and technology; department sales and transportation

## II. Scope of consolidated financial statement

The Company's consolidated financial statement included 47 subsidiaries including Sichuan Changhong Air Conditioner Co., Ltd, Zhongshan Changhong Home Appliances Company Limited and Zhongke

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

---

Meiling Cryogenic Technology Co., Ltd, etc. As compared to previous year, subsidiary Zhongshan Hongyou Appliances Co., Ltd. was excluded due to liquidation. More detail can be seen in “VII. Changes of consolidated scope” and “VIII. Rights and interest in other subjects” in the Note.

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

#### 1. Basis for preparation

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

#### 2. Continuous operation

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

### **IV. Significant Accounting Policy, Accounting Estimation**

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

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

#### 2. Accounting period

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

#### 3. Operation cycle

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

#### 4. Standard currency for accounting

The Company takes RMB as the standard currency for accounting.

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

As acquirer, the Company measures the assets and liabilities acquired through business combination under common control at their carrying values as reflected in the consolidated financial statement of the ultimate controller as of the combination date. Capital reserve shall be adjusted in respect of any difference between carrying value of the net assets acquired and carrying value of the combination consideration paid. In case that capital reserve is insufficient to offset, the Company would adjust retained earnings.

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

---

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

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

---

various transactions which eventually formed business combination, adjustments shall be made as if the current status had been existing when the ultimate controller commenced control in connection of preparing consolidated financial statement; in connection with preparing comparative statement, the Company shall consolidate the relevant assets and liabilities of the acquiree into the Company's comparative consolidated financial statement to the extent not earlier than the timing when the Company and the acquiree are all under control of the ultimate controller, and the net assets increased due to combination shall be used to adjust relevant items under owners' equity in comparative statement. In order to prevent double computation of the value of the acquiree's net assets, the relevant profits and losses, other comprehensive income and change of other net assets recognized during the period from the date when the Company acquires original equity interests and the date when the Company and the acquiree are all under ultimate control of the same party (whichever is later) to the date of combination in respect of the long-term equity investment held by the Company before satisfaction of combination shall be utilized to offset the beginning retained earnings and current gains and losses in the period as the comparative financial statement involves, respectively.

As for subsidiary acquired through business combination not under common control, its operating results and cash flow will be included in consolidated financial statement since the Company obtains controlling power. When preparing consolidated financial statement, the Company shall adjust the subsidiary's financial statement based on the fair value of the various identifiable assets, liabilities or contingent liabilities recognized as of the acquisition date.

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

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

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

---

adjusted.

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

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

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

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

### **8. Cash and cash equivalents**

Cash in the cash flow statement comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, including but not limited to the followings which meet the aforesaid conditions: debt investment matured within three months upon the acquisition date, bank time deposit which can be early withdrew by serving a notice and transferrable deposit receipt, etc. for time deposit which can not be used for payment at any time, it would be note recognized as cash; while if can be used for such purpose, it would be recognized as cash. Guarantee deposit over three months in other monetary capital shall not be recognized as cash equivalents, and those less than three months are recognized as cash equivalents.

### **9. Foreign currency business and foreign currency financial statement conversion**



## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

---

### (1) Foreign currency business

As for the foreign currency business, the Company converts the foreign currency amount into RMB amount pursuant to the spot exchange rate as of the business day. As at the balance sheet date, monetary items expressed by foreign currency are converted into RMB pursuant to the spot exchange rate as of the balance sheet date. The conversion difference occurred is recorded into prevailing gains and losses, other than the disclosure which is made according to capitalization rules for the exchange difference occurred from the special foreign currency borrowings borrowed for constructing and producing the assets satisfying condition of capitalization. As for the foreign currency non-monetary items measured by fair value, the amount is then converted into RMB according to the spot exchange rate as of the confirmation day for fair value. And the conversion difference occurred during the procedure is recorded into prevailing gains and losses directly as change of fair value. As for the foreign currency non-monetary items measured by historical cost, conversion is made with the spot exchange rate as of the business day, with no change in RMB amount.

### (2) Conversion of foreign currency financial statement

Spot exchange rate as of the balance sheet date is adopted for conversion of assets and liabilities in foreign currency balance sheet; as for the items in statement of owners' equity except for "Undistributed profit", conversion is made pursuant to the spot exchange rate of business day; income and expense items in income statement then are also converted pursuant to the spot exchange rate of transaction day. Difference arising from the aforementioned conversions shall be listed separately in items of owners' equity. Spot exchange rate as of the occurrence date of cash flow is adopted for conversion of foreign currency cash flow. The amount of cash affected by exchange rate movement shall be listed separately in cash flow statement.

## **10. Financial assets and financial liabilities**

### (1) Financial assets

#### 1) Classification of financial assets

In consideration of investment targets and economic essence, the Company groups the financial assets owned by it as four categories, namely financial assets measured by fair value and whose movement is recorded into prevailing gains and losses, held-to-maturity investment, accounts receivables and financial assets available-for-sale.

Financial assets at fair value through profit or loss include trading financial assets and financial assets designated at air value through profit or loss at initial recognition. Financial asset is classified as held for trading if one of the following conditions is satisfied: It has been acquired principally for the purpose of selling in the near term; or on initial recognition it is a part of a portfolio of identifiable financial instruments that the group manages together and there is objective evidence that the group recently manages the portfolio through the approach of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

---

active market) whose fair value cannot be reliably measured. A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognizing the gains or losses on them on different bases; or the financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; hybrid instruments which contain one or more embedded derivatives, unless the embedded derivatives does not have a substantial effect on the cash flows of the hybrid instruments, or the embedded derivatives obviously should not be separated from the relevant hybrid instruments; hybrid instruments that have to be separated but cannot be individually measured after it has been obtained or the balance sheet date afterwards. Such kind of financial assets designated by the Company mainly includes forward exchange settlement business. The Group applies subsequent measurement based on fair value in respect of such kind of financial assets. Changes in fair values is included in gains or loss from change of fair value; interests or cash dividends obtained during the period of holding assets, shall be recognized as investment income; difference between the fair value and the amount initially recorded of the assets shall be recognized as investment gains or losses on disposal of the assets, and the profit or loss from changes of fair value will be adjusted at the same time. Held-to-maturity investment represents the non-derivative financial assets which has fixed maturity day, fixed or available-for-confirmation recovered amount and for which the management has definite intention and ability to hold till maturity. Held-to-maturity investment adopts effective interest rate method for follow-up measurement according to the amortized cost, the gains or losses from amortization or depreciation and de-recognition will reckon into current gains/losses.

Accounts receivables represent the non-derivative financial assets which have no quotation in an active market and fixed or available-for-confirmation recovered amount.

Available-for-sale financial assets refer to the non-derivative financial assets that are designated as available for sale at initial recognition, and the financial assets that are not classified as other types. Among this type of assets, the equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, and the derivative financial assets that are linked to the equity instruments and must be settled through the delivery of the equity instruments are subsequently measured at cost; others that have the active market quotes or don't have the active market quotes but of which the fair value can be reliably measured should be measured at fair value, and the changes in fair value are included in other comprehensive income. With regard to such financial assets using fair value for follow-up measurement, except for the impairment losses and the exchange gains and losses arising from foreign currency monetary financial assets, the changes in fair value of available-for-sale financial assets are directly reckoned in the shareholders' equity, the accumulative amount of changes in fair value that originally included directly in equity is transferred to the current profits and losses until the

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

---

derecognition of the financial assets. The interests of available-for-sale debt instrument investments calculated by effective interest method during the holding period and the cash dividends relevant to available-for-sale equity instrument investments issued by Invested unit are included in the current profits and losses as investment income. The equity instrument investments that have no quotes in an active market and whose fair value cannot be reliably measured are measured at cost.

### 2) 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.

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.

### 3) Method of impairment testing and accounting treatment for financial assets

Except for the financial assets which are measured by fair value and whose fair value change is recorded into prevailing gains and losses, the Company will make check in the carrying value of other financial assets as at the balance sheet date. If there is objective evidence proving impairment of certain financial assets, the Company then makes provision for impairment.

When the financial assets calculated by amortized cost decrease in value, count and draw the provision for impairment according to the balance between present value and book value of predicted future cash flows (Excluding future credit losses that haven't occurred yet.). If there is any objective evidence to indicate that the financial assets has recovered and is objectively connected with matters occurred after confirming the losses, the formerly confirmed impairment losses will be reversed and reckoned in current profits and losses.

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

---

When the fair value of financial assets available for sale goes down substantially or non-transiently, the accumulating losses previously and directly reckoned in shareholder's equity and formed due to shrinkage of fair value will be transferred and reckoned in impairment losses. As for the debt instrument investment available for sale with confirmed impairment losses, if its fair value rises after and it is objectively connected with matters occurred after confirming the primary impairment losses, the formerly confirmed impairment losses will be reversed and reckoned in current profits and losses. And the debt instrument investment available for sale with confirmed impairment losses shall be directly reckoned in stockholder's equity if its fair value rises after.

### (2) Financial liability

#### 1) Classification, reorganization basis and measurement

When making the initial recognition for financial liabilities, the Company classifies the financial liabilities into ones which are measured by fair value and whose change is recorded into prevailing gains and losses, and other financial liabilities.

Financial liabilities which are measured by fair value and whose change is recorded into prevailing gains and losses include tradable financial liabilities and financial liabilities which are measured by fair value and whose change is recorded into prevailing gains and losses at the initial recognition day. Follow-up measurements are made by fair value. Recorded into prevailing gains and losses are the gains or losses formed through fair value change and dividend and interest expenditure regarding to the financial liabilities.

As for other financial liabilities, effective interest rate method is adopted and follow-up measurement is made according to amortized cost.

#### 2) Condition of the de-recognition of financial liability

A financial liability or a part of financial liability is derecognized when and only when the obligation specified in the contract is discharged or canceled. An agreement between the Company and a lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. As for substantive changes made to the contract terms (whole or in part) of the existing financial liabilities, the existing financial liabilities (or part of it) will be derecognized. And financial liabilities after term revision will be recognized as a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss for the period.

### (3) Method for recognition of fair value of financial assets and liabilities

Fair values of financial assets and financial liabilities of the Company are measured at the prices in principal market. In case there is no principal market, fair values of financial assets and financial liabilities are calculated using the price which is the most beneficial to the market, and using valuation technology which is the most appropriate at that time and with sufficient available data and other information. The inputs which are used to measure the fair value have been divided into 3 levels by the

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Company: Level 1-inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities. Level 2-inputs are quoted prices for the asset or liability (other than those included in Level 1) that are either directly or indirectly observable. Level 3-inputs are unobservable inputs to the related assets or liabilities. The Level 1 inputs are the first priority to use by the Group, and level 3 inputs will be the last one to use. The level to which the results of measurement of fair value belong is subject to the lowest level to which the inputs having great significance to the measurement of fair value as whole belong.

### 11. Bad debt provision for accounts receivable

Allowance method is adopted for the bad debt losses which are likely to happen. And conducting impairment test independently or by combination at period-end, withdrawn bad debt provision and then recorded into current gains and losses. As for the accounts receivable which are not able to call back through definite evidence, they shall be treated as bad debt losses after approval of the Group according to regulated procedures to offset withdrawn bad debt provision.

The following situation as standards for confirmation of bad debt losses of accounts receivable: revoke, bankruptcy, insolvency, serious insufficiency of cash flow of its debit units, or the debit units have to stop production due to serious natural disaster and are not able to settle the debts or in predicted time, or other definite evidence showing that the debt is not available to call back or the possibility of calling back is tiny.

Account receivables were divided as follow categories at period-end, which was performed impairment test in way of individual or group, and withdrawal bad debt provision:

#### (1) Account receivable with single significant amount:

Determine basis or amount standards for single significant amount	If totally amount takes over 80% of the total for over 5% occupied, than 5% of single amount in total amounts recognized as single significant amount; if totally amount takes less than 80% of the total for over 5% occupied, than lower recognition standards till qualified 80% in total
Method of bad debt provision accrual for account receivable with single major amount	Withdrawal bad debt provision according to difference between the current value of future cash flow and book values; if there has no impairment been found in individual test, withdrawal bad debt provision while testing by group

#### (2) Account receivable withdrawal bad debt provision based on combination:

Basis for combination recognized	
Combination 1	Account receivable except combination 2
Combination 2	Employee reserve fund, foreign investment amount, contact with related party in consolidated statement of Changhong Group, export tax refund receivable, account receivable with L/C or insurance, government subsidy etc.
Methods on withdrawal of bad debt provision based on combination	
Combination 1	Withdrawal bad debt provision by proportion in different age group
Combination 2	Risks are under control without bad debt provision accrual

In combination 1, withdrawal proportion of bad debt provision for account receivable based on age analysis:

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Age	Withdrawal proportion of account receivable (%)	Withdrawal proportion of other account receivable (%)
Within 1 year (1 year included )	5	5
1—2 years	15	15
2—3 years	35	35
3—4 years	55	55
4—5 years	85	85
Over 5 years	100	100

(3) Account receivable with single minor amount but withdrawal single item bad debt provision:

Reasons for withdrawal single item bad debt provision	Account with minor amount but have significant inflow risk on predicted future cash flow
Withdrawal method for bad debt provision	Impairment test on the current value of predicted future cash flow, bad debt provision withdrawal.

### 12. Inventories

Inventories of the Company principally include raw materials, stock goods; work in process, self-made semi-finished product, materials consigned to precede, low-value consumption goods, goods in transit, goods in process, mould and engineering construction etc.

Perpetual inventory system is applicable to inventories. For daily calculation, standard price is adopted for raw materials, low-value consumption goods and stock goods. Switch-back cost of the current month is adjusted by distribution price difference at the end of the month, the dispatched goods will share the cost differences of inventory while in settlement the business income; and low-value consumption goods is carried forward at once when being applied for use; the mould expenses will evenly deferred share based on balance at period-begin plus increase amount in this period divided by 12 months.

Inventory at period-end is valued by the Lower-of-value between the cost and net realizable value. For those individual stock, suffering damage, totally or partly out of fashion or has lower sales price than cost, predicted recoverable parts in cost, and withdrawal provision of inventory depreciation single. For those raw materials, stock commodities and goods in transit, withdrawal provision of inventory depreciation by follow methods:

(1) Determined the net realizable value of raw materials on the higher amount between the final prices of estimated sale-price deducted cost (about to happen till products finished), estimated sales expense and relevant taxes, and the fair value of external disposal.

(2) Withdrawal obsolete provision for commodity stocks and goods in transit by the follow proportion:

1) Refrigerator, freezer and washing machine

Grade	Stock duration	Withdrawal proportion for obsolete provision
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## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Grade-A	Within 3 months	0%
	4-6 months	5%
	7-12 months	15%
	1-2 years	25%
	2-3 years	40%
	Over 3 years	100%
Qualified		40%
Grade-B		50%
Grade-C		60%
Unqualified		60%
Disposal		65%
Sample machine		30%
Special user type that exceed the order quantity		50%

### 2) Air-conditioner

Location level	Withdrawal proportion for obsolete provision
Repair	50%
Awaiting repair	70%
Store return	70%
De-stocking	70%
Overstock	100%

With respect to the inventories and delivered goods which are not vested to the above classification, their realizable net value will be calculated by the Company based on the estimated selling price of the inventories less estimated selling expense and related taxes. The Company re-checks the above mentioned proportion at every end of the year. Calculated the net realizable value by difference between the estimated sale price less the estimated sales expense and relevant taxation; after comparison with the book value of commodity stocks and goods in transit, determined whether adjusted the proportion or not. Mould expense will amortize in installment in usual times. Once the use-life of mould is terminated, and than transfer its remaining cost into gains/losses, no withdrawal of obsolete provision at period-end.

### 13. Long-term equity investment

Long-term equity investment of the Company is mainly about investment in subsidiary, investment in associates and investment in joint-ventures.

For long-term equity investments acquired through business combination under common control, the initial investment cost shall be the acquirer's share of the carrying amount of net assets of the acquiree

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

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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 Enterprise Accounting Principles No.22-Recognition and Measurement of Financial Instrument. Difference between the fair value of the remaining equity interest as of the date when lose of joint control or significant influence and the carrying value is included in current gains and losses. Other comprehensive income recognized in respect of the original equity interest investment under equity method should be treated according to the same basis which the investee adopts to directly dispose the relevant assets or liabilities when ceasing adoption of equity method calculation; and also switches to cost method for



## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

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 its 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.

### 14. 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:

Type	Depreciation term	Predicted rate of salvage value	Depreciation rate per annum
House and buildings	30-40 years	4%-5%	2.375%-3.20%

When investment real estate turns to be used by holders, it shall switch to fixed assets or intangible assets commencing from the date of such turning. And when self-used real estate turns to be leased out for rental or additional capital, the fixed assets or intangible assets shall switch to investment real estate commencing from the date of such turning. In situation of switch, the carrying value before the switch shall be deemed as the credit value after the switch.

When investment is disposed, or out of utilization forever and no economic benefit would be predicted to obtain through the disposal, the Company shall terminate recognition of such investment real estate. The amount of income from disposal, transfer, discarding as scrap or damage of investment real estate after deducting the asset's carrying value and relevant taxation shall be written into current gains and losses.

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### 15. Fixed assets

Fixed assets of the Company represent the tangible assets and assets package: held by the Company for purpose of producing commodities, providing labor service, leasing or operational management, service life exceeds one year, and unit price exceeds RMB 2,000. Including four categories of houses and buildings, machinery equipments, transportation equipments and other equipments

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.	Type	Depreciation term	Predicted rate of salvage value	Depreciation rate per annum
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 equipments	8-12 years	4%-5%	7.92%-12.00%

The Company makes re-examination on predicted service life, predicted rate of salvage value and depreciation method at each year-end. Any change will be treated as accounting estimation change.

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

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### **16. Construction in process**

Construction in process is measured with effective cost. Self-operated constructions projects are measured with direct materials, direct salaries and direct construction expense; construction projects undertaken by external are measured with the engineering payment payable; and engineering cost (income abatement) of equipment-installation projects is confirmed with consideration of value of the equipments, installation fee, and expenditure arising from trial operation of the projects. Borrowing expense and exchange gains and losses which should be capitalized are also included in cost of construction in process.

### **17. Borrowing expense**

Borrowing expenses include interest expense, amortization of discount or premium, auxiliary expenses and exchange difference due to borrowing in foreign currency. The borrowing expense which could be directly attributable to purchase or production of assets satisfying capitalization condition, starts capitalization when capital expenditure and borrowing expense occur and when necessary purchase or production conducted for promoting assets to reach the predicted available-for-use or available-for-sale state; and capitalization shall cease when purchased or produced assets satisfying capitalization condition have reached the predicted available-for-use or available-for-sale state. Other borrowing expense is recognized as expense during the occurrence period.

Capitalization shall be exercised for interest expense actually occurred from special borrowings in current period after deduction of the interest income arising from unutilized borrowing capital which is saved in banks or deduction of investment income obtained from temporary investment; For 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.

Assets satisfying capitalization principle generally refer to fixed assets, investment real estate and inventories which can only arrive at predicted available-for-use and available-for-sale state after quite a long time (generally over one year) in purchase or production activities.

If abnormal interruption happens during purchase or production of assets satisfying capitalization principle and the interruption lasts over 3 months, the capitalization for the borrowing expense shall pause until the purchase or production restarts.

### **18. Intangible assets**

The Company holds intangible assets including land use right, trademark, patent technology and non-patent technology. Intangible assets are measured according to the effective costs paid for obtaining the assets. For those intangible assets purchased in by the Company, their effective cost consist of actual

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

---

payment and relevant other expenditure; for the intangible assets input by investors, effective cost is determined according to the value agreed in investment contracts and agreements, while if the agreed value is not fair, then effective value is confirmed according to fair value.

Land use right is averagely amortized according to its transfer term commencing from the sate of transfer; trademark use-rights averagely amortized by 10 years; patent technology, non-patent technology and other intangible assets is averagely amortized according to the shortest of their predicted service life, beneficial term concluded by contract and effective term regulated by laws. Amortization amount is recorded in assets cost and current gains and losses relevant to beneficial objectives.

Re-examination on predicted service life and amortization method of the intangible assets which have limited service life shall be conducted at the end of each year. If changed, it would be treated as change of accounting estimation. Re-examination on predicted service life of intangible assets which have uncertain service life shall be conducted. For any evidence proving that service life of intangible assets is limited, then the service life shall be estimated and the Company shall make amortization within the predicted service life period.

### **19. 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:

- (1) Completions of the intangible assets make it available for application or sell in technology;
- (2) Equipped with plan to complete the intangible asset and apply or sell it;
- (3) There is market for products produced with this intangible assets or the intangible asset itself;
- (4) Have sufficient technology, financial resource and other resources to support development of the intangible assets, and have ability to apply or sell the assets;
- (5) Expenditure attributable to development of the intangible assets could be reliable measured.

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

### **20. Impairment of non-financial long-term assets**

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

---

As at each balance sheet date, the Company has inspection on long-term equity investment, fixed assets, construction in process and intangible assets with limited service life. When the following indications appear, assets may be impaired, and the Company would have impairment test. As for goodwill and intangible assets which have uncertain service life, no matter there is impairment or not, impairment test shall be conducted at the end of every year. If it is hard to make test on recoverable amount of single asset, test is expected to make on the basis of the assets 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

### 21. Goodwill

Goodwill represents balance between equity investment cost or business combination cost under no common control exceeding the attributable part or fair value of recognizable net assets of party invested or purchased (obtained through business combination) as of acquisition day or purchase day.

Goodwill relating to subsidiaries is separately listed in consolidated financial statement. And goodwill relating to associates and joint-ventures is included in carrying value of long-term equity investment.

### 22. Long-term deferred expenses

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

---

Long-term deferred expenses of the Company refer to the expense which has been paid out while should be amortized from the current period and periods thereafter, with amortization term over 1 year (excluding 1 year). Such expense is averagely amortized during the beneficial period. If such long-term deferred expense could not bring benefit to following accounting periods, the unamortized value of the item shall be fully transferred to current gains and losses.

### **23. 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 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.

### **24. Estimated liabilities**

If the business in connection with such contingencies as a security involving a foreign party, commercial

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

---

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.

### 25. Principle of recognition of revenue and measurement method

The Company's sales revenue is mainly comprised of revenue from sale of goods, labor providing income and revenue from assignment of asset use rights. The principle of recognition of such revenue is as follows:

(1) Revenue from the sale of goods shall be recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow into the Company; The export business is recognized when the packing list is received; and the associated costs incurred or to be incurred can be measured reliably. Air-conditioner OEM/ODM will recognize revenue while notes issued after commodity transferring to the shipping space that appointed by the client.

(2) The Company confirms the realization of service income when the gross income and total cost of labor service can be unfailingly calculated, the economic benefits related to labor service are likely to flow into the Group, and the progress of labor service can be confirmed reliably. On balance sheet date, with regard to those with results provided for labor service transactions can be estimated reliably, confirm the relevant service income according to percentage of completion method and determine the percentage-of-completion method by the proportion of the occurred cost in the estimated total cost; as for those with results provided for labor service transactions can't be estimated reliably and with occurred labor cost predicted to be able to get compensation, confirm to provide service income according to labor cost amount occurred and capable of getting compensation, and carry over the occurred labor costs; for those with results provided for labor service transactions can't be estimated reliably and with occurred labor cost predicted to be not able to get compensation, reckon the occurred labor cost in the current profits and losses, but not confirm to provide service income.

(3) The economy benefit of use-right of transfer assets probably will inflow to the Company, if the income can be measure accountability, than use-right income of transfer assets recognized.

### 26. Government grant

Government grant is recognized when the Company fulfils the conditions attached to them and there is reasonable assurance that the grant will be received. The government grant, other than fiscal subsidy, received by the Company shall be accounted on an aggregate basis. In particular, the government grants

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

---

relating to ordinary activities would be included in other income; the government grants not relating to ordinary activities would be included in non-operating income.

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

### **(1) Basis of determination and accounting of government grant relating to assets**

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

### **(2) Basis of determination and accounting of government grant relating to income**

Government grant relating to income refers to the government grant other than that relating to assets. Government grant relating to income shall be recognized as deferred income if the grant is used to compensate the Company's expenses or losses for subsequent periods, and shall be accounted in profit or loss for the period during the period in which the relevant expense is recognized. Those grants relating to our ordinary activities are recorded in other income in the period in which the relevant expenses or losses are recognized. Those grants not relating to our ordinary activities are recorded in non-operating income in the period in which the relevant expenses or losses are recognized. Government grants used to compensate the relevant costs or losses incurred by the Company and relating to our ordinary activities shall be accounted in other income directly upon receipt of the grant, and accounted in non-operating income directly upon receipt if it is not related to our ordinary activities. With respect to government grant comprising both portions relating to assets and income, it shall be accounted separately based on different portions, and it shall be aggregated as that relating to income if it is difficult to distinguish the two portions.

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

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

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



## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

---

### **27. Deferred Income Tax Assets and Deferred Income Tax Liabilities**

A deferred tax asset and deferred tax liability shall be determined by a difference (temporary difference) between the carrying amount of an asset or liability and its tax base. The deferred tax asset shall be recognized for the carry forward of unused deductible losses that it is probable that future taxable profits will be available against which the deductible losses can be utilized. For temporary difference arising from initial recognition of goodwill, no corresponding deferred income tax liabilities will be recognized. For temporary difference arising from initial recognition of assets and liabilities occurred in the transaction related to non business combination which neither affect accounting profit nor assessable income (or deductible losses), no corresponding deferred income tax assets and deferred income tax liabilities will be recognized. As of the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the effective tax rate applicable to the period when recovery of assets or settlement of liabilities occur.

The Company recognizes deferred income tax assets to the extent of future assessable income tax which is likely to be obtained to offset deductible temporary difference, deductible losses and tax credits.

### **28. Lease**

The Company categorizes the lease into the financial lease and the operating lease.

The financial lease is the lease in which all risks and returns related to the ownership of assets are transferred in substance. The Company as a lease holder, on the date of lease, the financial lease is recognized as the fixed asset at lower cost of fair value of the rental asset and the NPV of minimum payment of leasing. The minimum payment of leasing is recognized as long-term payable and the difference is accounted into unrecognized financing expense.

The operating lease is the lease apart from the financial lease. The Company, as a lease holder, accounts the rents into current period by straight line method during the term of the lease. The Company, as a leaser, accounts the rental income into current period by straight line method during the term of the lease.

### **29. 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

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

---

carrying value of the respective assets and liabilities within the non-current assets or disposal group under relevant accounting standards. For non-current asset or disposal group held for sale, for which it is found that the carrying value is higher than its fair value less disposal expense during the initial measurement or re-measurement on the balance sheet date, the carrying value shall be deducted to the net amount of fair value less disposal expense, and the reduced amount shall be recognized as impairment loss in profit or loss for the period, and provision of impairment of assets held for sale shall be provided for accordingly.

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

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

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

(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

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

---

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 assets (other than goodwill) in the disposal group.

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

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

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

### **30. 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.

### **31. 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 the year-end recognized in the method of debit in the balance sheet.

### **32. Segment information**

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

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Business segment was the major reporting form of the Company, which divided into 4 parts: air-conditioner, refrigerator, freezer and washing machines, marketing and others. The transfer price among the segments will recognize based on the market price, common costs will allocated by income proportion between segments except for the parts that without reasonable allocation.

### 33. Explanation on significant accounting estimation

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

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

#### (1) Inventory impairment provision

The Company provides impairment provision according to the type of finished products and goods delivered under fixed proportion, and estimates the realizable net value of inventories by reference to the projected selling price of similar inventories less sales expenses and related taxes on a regular basis, so as to evaluate the rationality of the provision proportion. If the actual selling price or expense differs from the previous estimation, the management will make corresponding adjustment to the proportion. The estimation results based on existing experiences may differ from the latter actual results, which may result in adjustment to the book value of inventories in the balance sheet and affect over the gains and losses of the period when the estimation changes.

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

The Company makes impairment test on fixed assets such as buildings, machine and equipments 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

## **Annotations of Financial Statements of ChangHong Meiling Co., Ltd.**

From 1 January 2018 to 30 June 2018

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

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

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

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

### (5) Projected liabilities arising from product quality guarantee

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

Taking into account the various uncertainties during the ten years, the Company considers no discount factor of such projected liabilities. In stead, 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.

## 34. 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 including interest in investee's other comprehensive income which are measured under equity method and which will be reclassified into gains and losses in future accounting periods upon satisfaction of required conditions, gains or losses arising from change of fair value of available-for-sale financial assets, gains or losses arising from

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

reclassification of held-to-maturity investment into available-for-sale financial assets, gains or losses occurred by cash flow hedging instruments attributable to effective hedge, foreign currency financial statement translation difference, etc.

### 35. Change of significant accounting policies and accounting estimates

#### (1) Change of significant accounting policies

The Company had no change of significant accounting policies in the period.

#### (2) Change of significant accounting estimates

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

## V. Taxation

### 1. Major taxes (expenses) and tax rates

Tax(expenses)	Tax base	Tax rate
VAT	Income from sales of goods and from processing	17%、16%、11%、10%、6%、5%
Urban maintenance and construction tax	Turnover tax	5% or 7%
Education surcharge	Turnover tax	3%
Local education surcharge	Turnover tax	2%
Corporate income tax	Taxable income	15% or 25%
House Property Tax	Original Book value of house property $\times$ (1-30%) or annual rent income	1.2% or 12%
Land use tax	Actual land area used	2.5 Yuan/M <sup>2</sup> to 15 Yuan/M <sup>2</sup>

### 2. Preferential tax and approval documents

The Company and its subsidiary Zhongke Meiling Cryogenics Technology Limited Company were recognized as second Hi-Tech Enterprise for year of 2014 in Anhui Province with term of three years. Therefore, the Company and its subsidiary Zhongke Meiling Cryogenics Technology Limited Company enjoys 15% rate for the income tax for State Hi-Tech Enterprise. On 20 July 2017, being recognized by "Name Lists of First Hi-Tech Enterprise for year of 2017 in Anhui Province"[KG(2017) No. 62] from Anhui Science & Technology Department, the Company and Zhongke Meiling Cryogenics Technology Limited Company continuous to enjoy 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

Subsidiary Zhongshan Changhong Home Appliances Company Limited was recognized as the first High & New tech. enterprise (three-years term) for year of 2008 in Guangdong Province, and enjoys the 15% income tax rate. On 9 November 2017, the company listed in Notice of the First High & New Tech. Enterprise for year of 2017 in Guangdong Province issued by office of recognition management

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

office, the company continues to shares the 15% rate in income tax with term of three years.

The subsidiary Sichuan Changhong Air Conditioning Co., Ltd. has passed the review for high-tech enterprise certification on December 8, 2016, which is valid for three years. After passing the filing and auditing of tax bureau, the company will only pay the corporate income tax by 15% of the tax rate.

Subsidiary Sichuan Hongmei Intelligent Technology Co., Ltd. pass the software enterprise certificate on 27 June 2014, and obtained the Software Enterprise Certification [Chuan No.:R-2014-0072]. Calculating the promotion period since the year of profit-making, the 1<sup>st</sup> year to 2<sup>nd</sup> year, the income tax shall be exempted, levy income tax based on half of the statutory rates from the 3<sup>rd</sup> year to 5<sup>th</sup> year, and enjoy the preferential till expired.

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

Guangdong Changhong Ridian Technology Co., Ltd., a subsidiary of The Company, was authenticated as a high-tech enterprise by Guangdong Science and Technology Bureau on 9 December 2016. Pursuant to the High-tech Enterprise Authentication Management Rules, The Company shall be levied enterprise income tax at 15% since 2016 for a term of three years.

## XI. 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, 2018; “period-end” refers to Jun. 30, 2018; “the period” refers to Jan. 1 to Jun. 30, 2018; “the last period” refers to Jan. 1 to Jun. 30, 2017; the currency is RMB.

### 1. Monetary fund

Item	Endingbalance	Openingbalance
Cash	63,067.23	43,454.93
Bankdeposit	3,343,743,786.53	4,600,242,944.53
OtherMonetaryfund	588,383,188.60	682,795,388.58
<b>Total</b>	<b>3,932,190,042.36</b>	<b>5,283,081,788.04</b>
Including:totalamountdepositedinoverseas	15,257,346.75	16,015,873.59

### Othermonetaryfund:

Item	Endingbalance
Deposits	573,565,895.01
Accountofforeigncurrencyforverification	2,270,395.78
UnionPayonline	8,688,904.43

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Taobaoaccount	3,857,993.38
<b>Total</b>	<b>588,383,188.60</b>

Deposit which serves as non-cash and cash equivalents refer to the banking accepted draft deposit with a term of over three months, amounting to RMB 155,456,171.94, forward margin amounting to RMB 10,238,846.01. China UnionPay, Taobao account and TenPay are all third party payment platforms. Except for the deposit of RMB 251,000.00, utilization of other balance is not subject to any restriction.

According to the national policies relating to foreign exchange management, all goods payment denominated in foreign currency should be transferred to reviewing accounts which may not be used temporarily. Upon approval of such review, those payments may be transferred to general accounts. Due to the relatively short time for reviewing foreign exchange, balance of the reviewing accounts is not limited on utilization.

2. Financial assets measured at fair value and whose changes are recorded in the profits and losses of the current period

Item	Ending balance	Opening balance
Derivative financial assets	25,071,423.11	15,646,731.48

Derivative financial assets refer to the forward exchange fund in the period

3. Notes receivable

(1) Category of notes receivable

Item	Ending balance	Opening balance
Bank acceptance	2,277,879,824.12	1,865,540,158.79
Commercial acceptance bill	545,202,271.92	209,108,325.57
<b>Total</b>	<b>2,823,082,096.04</b>	<b>2,074,648,484.36</b>

(2) Notes receivable mortgaged by end of the period

Item	Amount mortgaged by end of the period
Bank acceptance	868,425,582.30

Note: in order to improve the utilization rate of notes, the Company pledged to banks those notes that have not expired in exchange for issuance of banking accepted drafts.

(3) Note receivables endorsement or discount at period-end and are not expired on balance sheet date

Item	Termination confirmation amount at period-end	Note termination confirmation amount at period-end
Bank acceptance	2,743,394,057.08	
Commercial acceptance bill	161,006,744.09	
<b>Total</b>	<b>2,904,400,801.17</b>	

(4) Note transfers to accounts receivable due to the failure of implementation from drawer at period-end: Nil

4. Accounts receivable



## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### (1) Account receivable by category

Category	Ending amount				Book value
	Book balance		Bad debt provision		
	Amount	Percentage	Amount	Percentage	
Account receivable with single significant amount and withdrawal single item bad debt provision					
Account receivable withdrawal bad debt provision by combination					
Combination 1	1,383,999,845.02	64.27%	72,268,751.35	5.22%	1,311,731,093.67
Combination 2	749,240,824.21	34.80%			749,240,824.21
Subtotal of combination	2,133,240,669.23	99.07%	72,268,751.35	3.39%	2,060,971,917.88
Account receivable with single minor amount but withdrawal single item bad debt provision	19,933,380.51	0.93%	10,629,081.68	53.32%	9,304,298.83
<b>Total</b>	<b>2,153,174,049.74</b>	<b>100.00%</b>	<b>82,897,833.03</b>	<b>3.85%</b>	<b>2,070,276,216.71</b>

(Continued)

Category	Opening amount				Book value
	Book balance		Bad debt provision		
	Amount	Percentage	Amount	Percentage	
Account receivable with single significant amount and withdrawal single item bad debt provision					
Account receivable withdrawal bad debt provision by combination					
Combination 1	1,099,760,720.22	59.49%	56,934,296.29	5.18%	1,042,826,423.93
Combination 2	720,513,272.25	38.97%			720,513,272.25
Subtotal of combination	1,820,273,992.47	98.46%	56,934,296.29	3.13%	1,763,339,696.18
Account receivable with single minor amount but withdrawal single item bad debt provision	28,425,106.80	1.54%	11,348,293.96	39.92%	17,076,812.84
<b>Total</b>	<b>1,848,699,099.27</b>	<b>100.00%</b>	<b>68,282,590.25</b>	<b>3.69%</b>	<b>1,780,416,509.02</b>

1) No account receivable with single major amount but withdrawal bad debt provisions singly at period-end.

2) Account receivable with withdrawal bad debt provision for combination 1 by aging account

Accountage	Ending balance		
	Account receivable	Bad debt provision	Provision proportion
Within 1 year	1,366,759,076.99	68,337,953.85	5.00%
1-2 years	12,475,810.03	1,871,371.50	15.00%
2-3 years	3,575,579.40	1,251,452.79	35.00%
3-4 years	808,684.14	444,776.28	55.00%
4-5 years	116,650.22	99,152.69	85.00%

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Over5years	264,044.24	264,044.24	100.00%
<b>Total</b>	<b>1,383,999,845.02</b>	<b>72,268,751.35</b>	

### 3)Accountreceivablewithnowithdrawalbaddebtprovisionforcombination2

Combination	Bookbalance
Accountconnectwithrelatedparties	433,106,842.27
Accountreceivablealreadyinsured	171,993,634.78
LetterofCredit	144,140,347.16
<b>Total</b>	<b>749,240,824.21</b>

4)Accountreceivablewithsingleminoramountbutwithdrawalbaddebtprovisionsingly,refertothe minorsingle receivables,andwithdrawalbaddebtprovisionbycombinationsshowsnoriskcharacteristicofthereceivables,14clientsinvolved.

(2)Baddebtreserveprovidedfor,reversed(orrecovered)duringthisyear

BaddebtreservewrittenoffthisperiodwasRMB16,101,604.49,andthebaddebtreservereversedthisperiodwas RMB1,486,361.71.No tradereceivableswritten-offinpreviousyearwasrecoveredthisperiod.

(3)Noaccountreceivableactuallywritten-offintheperiod.

(4)Intheperiod,topfivereceivablescollectedbyarrearspartyamountingtoRMB1,014,994,215.58intotal,accountedfor47.14%ofthereceivablesatbalanceoftheperiod-end,thebaddebtprovisionaccrualcorrespondingly amountingtoRMB30,731,763.18atperiod-endbalance.

## 5.Accountspaidinadvance

(1)Ageofaccountpaidinadvance

Item	Endingamount		Openingamount	
	Amount	Percentage	Amount	Percentage
Within1year	148,509,497.83	94.75%	191,934,459.26	95.92%
1-2years	5,791,626.84	3.69%	5,283,741.30	2.64%
2-3years	1,768,181.01	1.13%	2,377,113.61	1.19%
Over3years	666,211.28	0.43%	510,902.42	0.25%
<b>Total</b>	<b>156,735,516.96</b>	<b>100.00%</b>	<b>200,106,216.59</b>	<b>100.00%</b>

(2)Top5ofaccountpaidinadvanceinbalanceatperiod-endamountingtoRMB75,889,568.79,accountedfor48.42%oftheaccount.

## 6.Interestreceivable

Item	Endingbalance	Openingbalance
Depositinterestreceivable	1,693,400.99	4,692,303.18

## 7.Otheraccountsreceivable

(1)Categoryofotheraccountreceivable

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Category	Ending amount				Bookvalue
	Bookbalance		Baddebtprovision		
	Amount	Percentage	Amount	Percentage	
Otheraccountreceivablewithsingesignificantamountandwithdrawalsingleitembaddebtprovision					
Otheraccountreceivablewithdrawalbaddebtprovisionbycombination					
Combination1	16,355,392.07	24.39%	3,007,922.00	18.39%	13,347,470.07
Combination2	50,421,404.97	75.21%			50,421,404.97
Subtotalofcombination	66,776,797.04	99.60%	3,007,922.00	4.50%	63,768,875.04
Otheraccountreceivablewithsingeminoramountbutwithdrawalsingleitembaddebtprovision	267,932.63	0.40%	267,932.63	100.00%	
<b>Total</b>	<b>67,044,729.67</b>	<b>100.00%</b>	<b>3,275,854.63</b>	<b>4.89%</b>	<b>63,768,875.04</b>

(Continued)

Category	Opening amount				Bookvalue
	Bookbalance		Baddebtprovision		
	Amount	Percentage	Amount	Percentage	
Otheraccountreceivablewithsingesignificantamountandwithdrawalsingleitembaddebtprovision					
Otheraccountreceivablewithdrawalbaddebtprovisionbycombination					
Combination1	15,360,536.87	22.77%	2,839,700.68	18.49%	12,520,836.19
Combination2	51,838,123.54	76.83%			51,838,123.54
Subtotalofcombination	67,198,660.41	99.60%	2,839,700.68	4.23%	64,358,959.73
Otheraccountreceivablewithsingeminoramountbutwithdrawalsingleitembaddebtprovision	267,932.63	0.40%	267,932.63	100.00%	
<b>Total</b>	<b>67,466,593.04</b>	<b>100.00%</b>	<b>3,107,633.31</b>	<b>4.61%</b>	<b>64,358,959.73</b>

1) Nosignificanttotheraccountreceivableandnowwithdrawalbaddebtprovisionsingleatperiod-end.

2) Otheraccountreceivablewithwithdrawalbaddebtprovisionforcombination1byagingaccount

BookAge	Endingbalance		
	Otheraccountreceivable	Baddebtprovision	Provisionproportion
Within1year	10,209,037.07	510,451.85	5.00%
1-2years	3,671,831.05	550,774.66	15.00%
2-3years	509,610.60	178,363.71	35.00%
3-4years	400,181.27	220,099.70	55.00%
4-5years	110,000.00	93,500.00	85.00%
Over5years	1,454,732.08	1,454,732.08	100.00%
<b>Total</b>	<b>16,355,392.07</b>	<b>3,007,922.00</b>	

3) Otheraccountreceivablewithnowithdrawalbaddebtprovisionforcombination2

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Combination	Bookbalance
Contactwithrelatedparty	876,538.72
Employee'sreserveloans	23,670,848.43
Exportrebate	25,467,640.83
Pre-paidchargeoftheemployee	406,376.99
<b>Total</b>	<b>50,421,404.97</b>

4)Theotheraccountreceivablewithmajoramountatperiod-endandaccrualforbaddebtprovisionsinglerefersto thereceivableamountof267,932.63YuanfromGuangdongXiongfengElectricCo.,Ltd.,

(2)Reversal(orwithdraw)ofreserveforbaddebtsintheperiod

Baddebtprovisionaccrualintheperiodamountedas168,221.32Yuan

(3)Noactualverificationofotherreceivablesintheperiod

(4)Classificationofotheraccountsreceivableaccordingtothenatureofaccount

Nature	Bookbalanceatperiod-end	Bookbalanceatperiod-begin
Employee'sreserveloans	23,670,848.43	15,747,553.42
Exportrebate	25,467,640.83	35,017,055.24
Deposit	15,057,712.08	13,548,566.97
Other	1,565,612.62	2,079,902.53
Relatedpartynotinconsolidationstatement	876,538.72	657,720.80
Advancemoneytemporary	406,376.99	415,794.08
<b>Total</b>	<b>67,044,729.67</b>	<b>67,466,593.04</b>

(5)Top5otherreceivablescollectedbyarrearspartyatbalanceofperiod-end:

Name	Natureofaccount	Endingbalance	Bookage	Proportionintotalotherreceivablesatperiod-end	BadBalanceatperiod-endofdebtprovision
SATofHefeiEconomic&TechnologicalDevelopmentZone	Exportrebates	25,363,685.82	Within1year	37.83%	
OfficeoftheBeijingPingguDistrictNewSocialistCountrysideConstruction	Guarantemoney	3,500,000.00	0-2years	5.22%	225,000.00
Development&ReformBureauofWangduCounty	Guarantemoney	2,500,000.00	Within1year	3.73%	125,000.00
FuQinghong	Employeereservefund	960,500.00	Within1year	1.43%	
LuoJianming	Employeereservefund	850,000.00	Within1year	1.27%	
<b>Total</b>		<b>33,174,185.82</b>		<b>49.48%</b>	<b>350,000.00</b>

(6)Noootheraccountreceivableinvolvedgovernmentsubsidiesatperiod-end.

(7)Noootherreceivablesterminatedrecognitionduetothe transferoffinancialassetsatperiod-end.

(8)Noassetsandliabilitytransferotherreceivablesandcontinuestoinvolveatperiod-end.

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### 8. Inventories

#### (1) Classification of inventories

Item	Ending amount		
	Book balance	Impairment provision	Book value
Raw materials	284,335,041.90	5,713,839.48	278,621,202.42
Stock commodities	2,600,036,639.97	96,340,109.44	2,503,696,530.53
Low value consumable articles	9,204,271.85	300,940.36	8,903,331.49
Goods in transit	486,267,170.92	1,939,716.39	484,327,454.53
Goods-in-process	39,480,953.59		39,480,953.59
Engineering construction	66,420,219.15		66,420,219.15
Deferred expense for moulds	39,694,978.19		39,694,978.19
<b>Total</b>	<b>3,525,439,275.57</b>	<b>104,294,605.67</b>	<b>3,421,144,669.90</b>

(Continued)

Item	Opening amount		
	Book balance	Impairment provision	Book value
Raw materials	333,003,731.78	4,238,458.01	328,765,273.77
Stock commodities	2,288,756,168.67	99,568,255.11	2,189,187,913.56
Low value consumable articles	13,795,361.33	300,940.36	13,494,420.97
Goods in transit	206,306,918.31	2,888,710.76	203,418,207.55
Goods-in-process	34,035,823.80		34,035,823.80
Engineering construction	97,609,145.79		97,609,145.79
Deferred expense for moulds	51,589,864.83		51,589,864.83
<b>Total</b>	<b>3,025,097,014.51</b>	<b>106,996,364.24</b>	<b>2,918,100,650.27</b>

#### (2) Inventory falling price reserves

Item	Opening amount	Increased during the period	Decreased during the period		Ending amount
			Switch-back	Others switch-out	
Raw materials	4,238,458.01	1,475,381.47			5,713,839.48
Stock commodities	99,568,255.11	2,955,307.69		6,183,453.36	96,340,109.44
Goods in transit	2,888,710.76	-844,532.61		104,461.76	1,939,716.39
Low-value consumption goods	300,940.36				300,940.36
<b>Total</b>	<b>106,996,364.24</b>	<b>3,586,156.55</b>		<b>6,287,915.12</b>	<b>104,294,605.67</b>

#### (3) Provision for inventories

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Item	Specificbasisfordeterminingofnetrealizablevalue	ReasonsfortheSwitch-backor conversionintheyear
Rawmaterials	Costishigherthannetrealizablevalue(Theprocessedproductsaredecline)	
Stockcommodities	Costishigherthannetrealizablevalue(Themarketpriceatperiod-endfell)	
Goodsintransit	Costishigherthannetrealizablevalue(Themarketpriceatperiod-endfell)	
Rawmaterials	Costishigherthannetrealizablevalue(Theprocessedproductsaredecline)	

### 9. Noncurrent assets due within one year

Item	Endingbalance	Openingbalance	Nature
Timedepositsduewithinoneyear		44,497,902.00	Reclassificationoftimedeposit

Note: Opening balance refers to the time deposit with three-year terms in China Guangfa Bank - Zhongshan sub-branch from subsidiary Zhongshan Changhong, which is saved for long-term loans from the bank.

### 10. Other current assets

Item	Endingbalance	Openingbalance	Nature
Financialproducts	1,800,000,000.00	620,000,000.00	Bankfinancialproducts
Value-addedtaxtobededucted	136,939,246.70	166,730,091.15	Reclassifyofvalue-addedtaxtobededucted
Advancepaymentofincometax	18,145,960.81	15,071,202.22	Reclassifyofadvancepaymentofincometax
Financleaseun-recognized	75,633.41	93,637.60	Financleaseun-recognized
<b>Total</b>	<b>1,955,160,840.92</b>	<b>801,894,930.97</b>	

### 11. Finance asset available for sales

#### (1) Finance asset available for sales

Item	Endingbalance			Openingbalance		
	Bookbalance	Impairmentprovision	Bookvalue	Bookbalance	Impairmentprovision	Bookvalue
Equityinstrumentavailableforsales	31,000,000.00		31,000,000.00	31,000,000.00		31,000,000.00
Including:measuredbycost	31,000,000.00		31,000,000.00	31,000,000.00		31,000,000.00
<b>Total</b>	<b>31,000,000.00</b>		<b>31,000,000.00</b>	<b>31,000,000.00</b>		<b>31,000,000.00</b>

#### (2) Finance asset available for sales measured by cost at period-end

Investedunit	Period-begin	Increaseduringtheperiod	Decreaseduringtheperiod	Period-end	Holdingproportionininvestedunit	Cashdividendfortheperiod
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## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

HuishangBankCo.,Ltd.	5,000,000.00			5,000,000.00	0.0972%	
SichuanHongyunNewInvestmentFund	26,000,000.00			26,000,000.00	16.00%	
<b>Total</b>	<b>31,000,000.00</b>			<b>31,000,000.00</b>		

(3)No impairment reserve of finance asset available for sales at period-end.

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### 12. Long-term equity investment

Invested unit	Opening balance	Change in the period							Ending balance	Impairment reserve balance at period-end
		Additional investment	Disinvestment	Investment profit and loss confirmed by equity method	Other comprehensive income adjustment	Other changes to equity	Declaration of cash dividends or profits	Provision for impairment		
<b>Associated companies</b>										
1. Changhong Ruba Electric Company (Private) Ltd. <sup>注1</sup>	27,930,634.94			-6,383,457.07	-2,360,252.81					19,186,925.06
2. Hefei Xingmei Assets Management Co., Ltd.	10,696,982.04			-858,103.15						9,838,878.89
3. Sichuan Zhiyijia Network Technology Co., Ltd. <sup>注2</sup>	10,695,570.98			-5,514,211.59						5,181,359.39
4. Hongyuan Ground Energy Heat Technology Co., Ltd. <sup>注3</sup>	21,144,973.09			-1,343,332.11						19,801,640.98
5. Sichuan Tianyou Guigu Technology Co., Ltd. <sup>注4</sup>	8,448,865.51			-703,779.88						7,745,085.63
6. Chengdu Tianyou Guigu Environmental Technology Co., Ltd. <sup>注5</sup>	11,617,645.36			-909,811.95						10,707,833.41
<b>Total</b>	<b>90,534,671.92</b>			<b>-15,712,695.75</b>	<b>-2,360,252.81</b>					<b>72,461,723.36</b>

Note 1: On 30 April 2014, subsidiary Zhongshan Changhong entered into an agreement on increasing the registered capital with RUBA Comprehensive Trading Company. Capital of US\$12,310,000.00 agreed to increase according to satisfaction in full, including US\$4,924,000.00 contributed by Zhongshan Changhong according to its original share-holding ratio (40%), RUBA Comprehensive Trading Company increased US\$7,386,000.00 according to its original share-holding ratio (60%). Zhongshan Changhong, a subsidiary of the Company, entered into a supplemental joint venture agreement with RUMA Comprehensive Trading Company in 2017, pursuant to which, both parties agreed to increase capital contribution of USD1,130,191.00, among which, Zhongshan Changhong subscribed to contribute USD452,076.00 (equivalent to RMB3,001,649.02 on the actual contribution date) according to the original shareholding proportion of 40% and RUMA Comprehensive Trading Company subscribed to contribute USD678,115.00 according to the original shareholding proportion of 60%.

Note 2: On 16 December 2014, the Company executed a joint venture agreement with its controlling shareholder Sichuan Changhong Electric Co., LTD, targeting to jointly establish Sichuan Zhiyijia Network Technology Co., Ltd. On 5 January 2015, Sichuan Zhiyijia Network Technology Co., Ltd was officially incorporated with registered capital of RMB50 million, among which, the Company made contribution of RMB15 million with shareholding proportion of 30% and Sichuan Changhong Electric Co., LTD made contribution of RMB35 million with shareholding proportion of 70%.



## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

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Note3: our subsidiary Sichuan Changhong Air Conditioner Co., Ltd. (“Changhong Air Conditioner”) and Hengyouyuan Technology Development Group Co., Ltd. (“Hengyouyuan”) cooperated to establish Hongyuan Ground Energy Heat Technology Co., Ltd. on 28 October 2015. The registered capital of the company is RMB50 million, among which, Changhong Air Conditioner contributed RMB24.5 million, accounting for 49% of the registered capital, and Hengyouyuan contributed RMB25.5 million, accounting for 51% of the registered capital.

Note4: Sichuan Tianyou Guigu Technology Co., Ltd. was incorporated on 31 March 2015 with registered capital of RMB100 million. Our subsidiary Changhong Air Conditioner made capital contribution of RMB25 million in cash, accounting for 25% of the registered capital. Chengdu Jiaodao Property Development Company made capital contribution of RMB20 million, accounting for 20% of the registered capital. Chengdu Southwest Jiaotong University Industry (Group) Co., Ltd. made capital contribution of RMB20 million, accounting for 20% of the registered capital. Mianyang Investment Holding (Group) Co., Ltd. made capital contribution of RMB5 million, accounting for 5% of the registered capital. Shanghai Zhongcheng Xindaya Financial Information Service Co., Ltd. made capital contribution of RMB5 million, accounting for 5% of the registered capital. Jiangsu Runyi Investment Co., Ltd. made capital contribution of RMB10 million, accounting for 10% of the registered capital. Chengdu Dongyu Shangmao Co., Ltd. made capital contribution of RMB15 million, accounting for 15% of the registered capital. In 2016, shareholders meeting of Sichuan Tianyou Guigu Technology Co., Ltd. agreed to reduce the 50 million Yuan capital, the shareholders are reducing the capital by ratio of share-holding. After capital reduction, subsidiary Changhong Air conditioner contributed 12.5 million Yuan, representing 25% of the registered capital.

Note5: Chengdu Tianyou Guigu Environmental Tech. Co., Ltd. was incorporated on 31 March 2015 with registered capital of RMB40 million. Our subsidiary Changhong Air Conditioner made capital contribution of RMB10 million, accounting for 25% of the registered capital. Chengdu Jiaodao Property Development Company made capital contribution of RMB8 million, accounting for 20% of the registered capital. Chengdu Southwest Jiaotong University Industry (Group) Co., Ltd. made capital contribution of RMB8 million, accounting for 20% of the registered capital. Mianyang Investment Holding (Group) Co., Ltd. made capital contribution of RMB2 million, accounting for 5% of the registered capital. Shanghai Zhongcheng Xindaya Financial Information Service Co., Ltd. made capital contribution of RMB2 million, accounting for 5% of the registered capital. Sichuan Shuye Jiachen Property Development Company made capital contribution of RMB4 million, accounting for 10% of the registered capital. Chengdu Dongyu Shangmao Co., Ltd. made capital contribution of RMB6 million, accounting for 15% of the registered capital. According to the equity transfer agreement and supplementary agreements signed between Sichuan Changhong Air-conditioner Company and Sichuan Tianyou Guigu Technology Co., Ltd. dated 31 December 2016, the capital of 12.5 million Yuan was contributed by Changhong Air-conditioner on 31 March 2017 for acquiring 25% equity under the name of Chengdu Guigu Environmental Tech. Co., Ltd.

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### 13. Investment properties

#### (1) Investment properties measured at costs

Item	House and buildings	Land use rights	Total
<b>I. Original book value</b>			
<b>1. Opening balance</b>	<b>17,630,687.27</b>	<b>916,691.38</b>	<b>18,547,378.65</b>
<b>2. Increased during the period</b>	23,435,026.46		23,435,026.46
(1) Fixed asset transfer-in	23,435,026.46		23,435,026.46
<b>3. Decreased during the period</b>			
<b>4. Ending balance</b>	<b>41,065,713.73</b>	<b>916,691.38</b>	<b>41,982,405.11</b>
<b>II. Accumulated depreciation and accumulated amortization</b>			
<b>1. Opening balance</b>	<b>8,484,500.32</b>	<b>493,166.61</b>	<b>8,977,666.93</b>
<b>2. Increased during the period</b>	1,001,501.57	19,184.28	1,020,685.85
(1) Provision or amortization	565,783.67	19,184.28	584,967.95
(2) Fixed asset transfer-in	435,717.90		435,717.90
<b>3. Decreased during the period</b>			
<b>4. Ending balance</b>	<b>9,486,001.89</b>	<b>512,350.89</b>	<b>9,998,352.78</b>
<b>III. Provision for impairment</b>			
<b>IV. Book value</b>			
<b>1. Book value at period-end</b>	<b>31,579,711.84</b>	<b>404,340.49</b>	<b>31,984,052.33</b>
<b>2. Book value at period-begin</b>	<b>9,146,186.95</b>	<b>423,524.77</b>	<b>9,569,711.72</b>

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

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

(4) Investment real estate having not completed the property right certificate

Name of assets	Original value	Reason of not complete the property certificate
Workshop	23,435,026.46	In procedure
<b>Total</b>	<b>23,435,026.46</b>	

### 14. Fixed assets

#### (1) Details of fixed assets

Item	House and buildings	Machinery equipment	Transport equipment	Other equipment	Total
<b>I. Original book value</b>					
<b>1. Opening balance</b>	<b>1,092,010,409.02</b>	<b>1,081,570,708.11</b>	<b>27,344,234.00</b>	<b>181,348,892.73</b>	<b>2,382,274,243.86</b>
<b>2. Increased during the period</b>	<b>4,368,502.62</b>	<b>153,549,930.61</b>	<b>5,343,027.46</b>	<b>8,281,483.95</b>	<b>171,542,944.64</b>
(1) Purchase	827,741.92	20,866,479.75	1,773,068.37	5,711,102.73	29,178,392.77
(2) Construction in progress transfer-in	3,540,760.70	132,683,450.86	3,569,959.09	2,570,381.22	142,364,551.87
<b>3. Decreased during the period</b>	<b>23,879,772.04</b>	<b>43,367,259.49</b>	<b>1,390,116.44</b>	<b>14,018,498.67</b>	<b>82,655,646.64</b>

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

(1)Disposeonretirement	444,745.58	26,105,214.10	1,192,444.34	13,843,005.28	41,585,409.30
(2)Constructioninprogresstransfer-in		17,262,045.39			17,262,045.39
(3)Transfertoinvestmentrealestate	23,435,026.46				23,435,026.46
(4)Decreaseofexchangeratechange			197,672.10	175,493.39	373,165.49
<b>4Endingbalance</b>	<b>1,072,499,139.60</b>	<b>1,191,753,379.23</b>	<b>31,297,145.02</b>	<b>175,611,878.01</b>	<b>2,471,161,541.86</b>
<b>IIAccumulateddepreciation</b>					
<b>1Openingbalance</b>	<b>208,509,025.48</b>	<b>640,697,645.00</b>	<b>16,325,523.72</b>	<b>75,125,831.69</b>	<b>940,658,025.89</b>
<b>2Increaseduringtheperiod</b>	<b>17,764,590.97</b>	<b>49,828,911.28</b>	<b>1,170,668.75</b>	<b>6,471,450.88</b>	<b>75,235,621.88</b>
(1)Provision	17,764,590.97	49,828,911.28	1,170,668.75	6,471,450.88	75,235,621.88
<b>3Decreaseduringtheperiod</b>	<b>684,759.21</b>	<b>32,017,697.93</b>	<b>1,128,900.89</b>	<b>3,528,858.97</b>	<b>37,360,217.00</b>
(1)Disposeonretirement	249,041.31	22,322,044.24	1,128,900.89	3,528,858.97	27,228,845.41
(2)Constructioninprogresstransfer-in		9,695,653.69			9,695,653.69
(3)Transfertoinvestmentrealestate	435,717.90				435,717.90
<b>4Endingbalance</b>	<b>225,588,857.24</b>	<b>658,508,858.35</b>	<b>16,367,291.58</b>	<b>78,068,423.60</b>	<b>978,533,430.77</b>
<b>IIIProvisionforimpairment</b>					
<b>1Openingbalance</b>		<b>1,981,900.10</b>	<b>7,403.67</b>	<b>199,687.70</b>	<b>2,188,991.47</b>
<b>2Increaseduringtheperiod</b>					
<b>3Decreaseduringtheperiod</b>		<b>64,374.49</b>	<b>7,403.67</b>		<b>71,778.16</b>
(1)Disposeonretirement		64,374.49	7,403.67		71,778.16
<b>4Endingbalance</b>		<b>1,917,525.61</b>		<b>199,687.70</b>	<b>2,117,213.31</b>
<b>IVBookvalue</b>					
<b>1Bookvalueatperiod-end</b>	<b>846,910,282.36</b>	<b>531,326,995.27</b>	<b>14,929,853.44</b>	<b>97,343,766.71</b>	<b>1,490,510,897.78</b>
<b>2Bookvalueatperiod-begin</b>	<b>883,501,383.54</b>	<b>438,891,163.01</b>	<b>11,011,306.61</b>	<b>106,023,373.34</b>	<b>1,439,427,226.50</b>

The new fixed assets in this period mainly due to the RMB 142,364,551.87 transfer from construction in process; decrease of the fixed assets in the period mainly because the assets renewal transfer to construction in process, assets dispose for retirement and construction in progress transfer-in.

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

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

(4) No fixed assets leased through operating lease at period-end.

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

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Item	Originalbookvalue	Accumulateddepreciation	Depreciationprovision	Netbookvalue
Houseandbuildings	28,002,863.44	5,864,486.39		22,138,377.05
Machineryequipment	3,228,380.46	2,265,634.07		962,746.39
Transportequipment	197,640.00	187,758.00		9,882.00
Otherequipment	5,095,415.06	1,284,010.99		3,811,404.07
<b>Total</b>	<b>36,524,298.96</b>	<b>9,601,889.45</b>		<b>26,922,409.51</b>

### (6)Fixedassetswithoutpropertycertificateatperiod-end

Item	Bookvalue	Reasonofnotcompletethepropertycertificate
3#makeshiftshelter	5,689,907.18	Inprocedure
4#makeshiftshelter(dormitorybuildingtransfertocapital)	6,651,069.97	Inprocedure
5#makeshiftshelter	5,140,247.60	Inprocedure
6#buildingforcadremen	8,930,447.86	Inprocedure
7#buildingforcadremen	8,215,215.45	Inprocedure
8#makeshiftshelter	5,178,824.74	Inprocedure
Ilcanteenoflivingarea	25,910,795.15	Inprocedure
Canteen	2,716,313.94	Inprocedure
Comprehensivebuilding	14,211,331.37	Inprocedure
Workshop	42,321,443.44	Inprocedure
Doorguardroom	63,338.40	Inprocedure
<b>Total</b>	<b>125,028,935.10</b>	

### (7)Nofixedassetsreadyforsaleatperiod-end

#### 15.Constructioninprogress

##### (1)Detailsofconstructioninprogress

Item	Endingamount			Openingamount		
	Bookbalance	Impairment provision	Bookvalue	Bookbalance	Impairment provision	Bookvalue
ChanghongAirConditioner-relocationofproductionbaseandupgrading&expansion	144,176,485.76		144,176,485.76	44,191,093.23		44,191,093.23
JiangxiMeiling–constructionoftheproductionlineforproducingonemillionenergy-savingsmartrefrigerationannually	102,839,305.48		102,839,305.48	71,086,744.70		71,086,744.70
Constructionofintelligentmanufacturing	33,859,323.82		33,859,323.82	30,302,738.39		30,302,738.39
Constructionoflaboratory(inspectioncenter)	15,821,880.41		15,821,880.41	5,735,299.39		5,735,299.39

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Basefor2millionwashin gmachineproduction	11,266,185.45		11,266,185.45			
ColdstorageofChengdu ShuangliuDrugBank(B TO)oftheSouthwestcold transportbranchofcoldtr ansportdivisionunderth enameofSFExpressLim ited	6,537,068.38		6,537,068.38			
Matchingconnectionan dmoldinglineforU-shap eBox	2,170,940.17		2,170,940.17			
Changeofdry&webpart ofthedoortofoamingline	2,116,039.65		2,116,039.65	2,050,427.36		2,050,427.36
TransformationofEPSH ouse	2,031,550.35		2,031,550.35	1,244,713.14		1,244,713.14
Transformationofflinebo dy-R290	1,769,230.77		1,769,230.77	1,769,230.77		1,769,230.77
Steelcanopybetweenthe 2#and3#plant	1,755,562.70		1,755,562.70			
Equipmenttobeinstalled	1,742,382.69		1,742,382.69	373,222.76		373,222.76
Reformoftheproduction oflargerrefrigerationinJl ine	1,323,699.12		1,323,699.12	3,128,583.30		3,128,583.30
HM-plantbasicconstruc tion-18-0116	888,873.43		888,873.43			
PURglue	769,230.75		769,230.75	1,220,085.45		1,220,085.45
Capacityexpansionoffre ezer	773,504.27		773,504.27			
Capacityenlargementtec hnologyimprovementfr omair-conditionercomp any	499,070.23		499,070.23			
Upgradingoftheproductio lineforMianyangMeilingi telligentrefrigeration				338,293.66		338,293.66
Othermiscellaneousitems	18,087,090.27		18,087,090.27	13,417,285.00		13,417,285.00
<b>Total</b>	<b>348,427,423.70</b>		<b>348,427,423.70</b>	<b>174,857,717.15</b>		<b>174,857,717.15</b>

### (2) Changes insignificant construction in progress

Item	Bookbalanc eatperiod-b egin	Increasedu ringtheperi od	Transfertof ixedassetsin theperiod	Otherdecreas e	Bookbalan ceatperiod- end	Sourceoffunds
ChanghongAirConditioner-rel	44,191,093.	99,985,392.			144,176,48	Self-raised

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

ocationofproductionbaseandupgrading&expansion	23	53			5.76	
JiangxiMeiling–constructionoftheproductionlineforproducingonemillionenergy-savingsmartrefrigerationannually	71,086,744.70	57,837,433.05	26,084,872.27		102,839,305.48	Self-raised
Intelligentmanufacturingproject	30,302,738.39	50,648,383.14	47,091,797.71		33,859,323.82	Raisefunds
Constructionoflaboratory(inspectioncenter)	5,735,299.39	14,713,400.14	4,626,819.12		15,821,880.41	Raisefunds

(Continued)

Projects	Budget(in10thousand Yuan)	Proportionofprojectinvestment inbudget	Progress	Accumulated amountofinterestcapitalization	including:interestcapitalized amountoftheperiod	Interestcapitalizationrateoftheperiod
ChanghongAirConditioner–relocationofproductionbaseandupgrading&expansion	84,791.01	17.00%	55.00%			
JiangxiMeiling–constructionoftheproductionlineforproducingonemillionenergy-savingsmartrefrigerationannually	20,960.00	69.85%	81.00%			
Intelligentmanufacturingproject	26,128.00	47.54%	60.00%			
Constructionoflaboratory(inspectioncenter)	10,748.00	19.03%	69.00%			

(3) Nodepreciationreservesforconstructioninprocessatperiod-end.

### 16. Disposaloffixedassets

Item	Endingamount	Openingamount	Reasonsfordisposaltransferred
Relevantassetsdisposalforreservedlands	75,875,517.11	75,875,517.11	Relocationforlandreserve

PursuanttotheurbanplanningrequirementsofthePeople’sGovernmentofHefecity,HefeiLandReserveCenter planstopurchaseandstorethelanduserightofanintegratedeconomicdevelopmentzoneoftheCompanylocated atLonggangofHefeiwithanareaof103,978.9sq.m.(Approximately155.9684mu,LandUseRightCertificateNo.:DongGuoYong(2004)ZiNo.0200,thestateduseofthelandisforindustrialpurpose).TheestimatedconsiderationforpurchasingandstorageisRMB74.48million.ThelandismainlyusedfortheCompany’swarehouse,productfinishingworkshopandthefactoryofZhongkeMeiling.Pursuanttothepurchasingandstoragerequirementsof landuseright,thelandwillbepurchasedandstoredwithvacantpossession.InApril2013,theCompanycompletedtherelocationofoccupantsofthepremises,andthenetfixedassetsinrelationtothelandwilltransferasdisposal, accountingtreatmentwillbeconductinlinewithrelevantrulesuponreceivingoftherelocationcompensation. PursuanttotheurbanplanningrequirementsofHefeiMunicipalGovernmentandtheGovernmentofFeidongcounty,thelandreservecenterofFeidongcountywillpurchaseandstorethelanduserightofaneconomicdevelopme

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

ntzonelocatedatFeidongcounty,Hefeicity,whichisownedbytheCompany'ssubordinatecompanies,Equator ElectricandEquatorHomeAppliance,respectively,withanareaof19,245.09sq.m.(Approximately28.87mu,L andUseRightCertificateNo.:DongGuoYong(2008)No.0366,thestateduseofthelandisforindustrialpurpose)and anareaof46,161.9sq.m.(Approximately69.24mu,LandUseRightCertificateNo.:DongGuoYong(2008)No.0367,thestateduseofthelandisforindustrialpurpose).ThetotalconsiderationforpurchasingandstorageisapproximatelyRMB36million,ofwhichtheconsiderationforthelanduserrightownedbyEquatorElectricandEquator HomeApplianceisapproximatelyRMB10.59millionandRMB25.41million,respectively.TheCompanyhas completedtherelocationofoccupantsofthepremises,andthenetfixedassetsinrelationtothelandwilltransferas disposal,accountingtreatmentwillbeconductinlinewithrelevantrulesuponreceivingoftherelocationcompensation.

Noimpairmentofrelevantassetsdisposalforreservedlandsatperiod-end.

### 17.Intangibleassets

#### (1)Accordingtointangibleassetsitem

Item	Landuserright	Trademarkspecialright	Non-patenttechnology	Other	Total
<b>I.Originalbookvalue</b>					
<b>1.Openingbalance</b>	<b>752,955,269.99</b>	<b>283,292,439.34</b>	<b>266,108,731.03</b>	<b>4,332,185.55</b>	<b>1,306,688,625.91</b>
<b>2.Increasedduringtheperiod</b>	<b>107,683.47</b>		<b>39,733,185.17</b>	<b>1,079,395.29</b>	<b>40,920,263.93</b>
(1)Purchase	107,683.47				107,683.47
(2)Internalresearch			39,733,185.17	1,079,395.29	40,812,580.46
<b>3.Decreasedduringtheperiod</b>	<b>328,017.83</b>			<b>425,641.02</b>	<b>753,658.85</b>
(1)Disposal					
(2)Otherdecrease	328,017.83			425,641.02	753,658.85
<b>4.Endingbalance</b>	<b>752,734,935.63</b>	<b>283,292,439.34</b>	<b>305,841,916.20</b>	<b>4,985,939.82</b>	<b>1,346,855,230.99</b>
<b>II.Accumulateddepreciation</b>					
<b>1.Openingbalance</b>	<b>128,984,031.92</b>	<b>274,842,191.09</b>	<b>129,826,848.10</b>	<b>181,932.39</b>	<b>533,835,003.50</b>
<b>2.Increasedduringtheperiod</b>	<b>7,865,526.98</b>	<b>1,941,443.40</b>	<b>25,060,833.42</b>	<b>431,403.82</b>	<b>35,299,207.62</b>
(1)Provision	7,865,526.98	1,941,443.40	25,060,833.42	431,403.82	35,299,207.62
<b>3.Decreasedduringtheperiod</b>				<b>81,196.58</b>	<b>81,196.58</b>
(1)Otherdecrease				81,196.58	81,196.58
<b>4.Endingbalance</b>	<b>136,849,558.90</b>	<b>276,783,634.49</b>	<b>154,887,681.52</b>	<b>532,139.63</b>	<b>569,053,014.54</b>
<b>III.Provisionforimpairment</b>					
<b>IV.Bookvalue</b>					
<b>1.Bookvalueatperiod-end</b>	<b>615,885,376.73</b>	<b>6,508,804.85</b>	<b>150,954,234.68</b>	<b>4,453,800.19</b>	<b>777,802,216.45</b>
<b>2.Bookvalueatperiod-begin</b>	<b>623,971,238.07</b>	<b>8,450,248.25</b>	<b>136,281,882.93</b>	<b>4,150,253.16</b>	<b>772,853,622.41</b>

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

(2) As of the end of the period, mortgage of intangible assets is as follows:

Name	Property certificate serials	Area(M <sup>2</sup> )	Net book value	Note
Land user right	HGYJCZiNo.:0121	27,120.22	19,214,965.77	

### 18. Development expense

Item	Opening balance	Increased during the period		Decreased during the period			Ending balance
		Internal development expenditure	Other	Included in current profits and losses	Confirmed as intangible assets	Other	
Technology development for Air-conditioner	61,188,711.14	42,970,012.87		1,220,134.81	17,975,706.80		84,962,882.40
Technology development for refrigerator	23,782,085.92	17,889,091.56			21,757,478.37		19,913,699.11
Other technology development	653,281.73	2,242,059.40			1,079,395.29		1,815,945.84
<b>Total</b>	<b>85,624,078.79</b>	<b>63,101,163.83</b>		<b>1,220,134.81</b>	<b>40,812,580.46</b>		<b>106,692,527.35</b>

### 19. Goodwill

(1) Original value of goodwill

Invested unit	Opening balance	Increased during the period		Decreased during the period		Ending balance
		Formation from merger	Other	Formation from merger	Other	
Hefei Meiling Group Holding Co., Ltd.	3,553,367.77					3,553,367.77
Guangxi Huidian Home Appliance Co., Ltd	5,313,913.50					5,313,913.50
<b>Total</b>	<b>8,867,281.27</b>					<b>8,867,281.27</b>

(2) Impairment provision of goodwill

Invested unit	Opening balance	Increased during the period		Decreased during the period		Ending balance
		Provision	Other	Provision	Other	
Hefei Meiling Group Holding Co., Ltd.	3,553,367.77					3,553,367.77
Guangxi Huidian Home Appliance Co., Ltd	5,313,913.50					5,313,913.50
<b>Total</b>	<b>8,867,281.27</b>					<b>8,867,281.27</b>

Note: at the period-end, the Company conducted impairment test on goodwill, and provided for impairment reserve



## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

veinconnectionwiththedifferencebetweenthepredictedfuturecashflowoftheinvesteeandthegroupofassetsincludingthegoodwill.Therecoverableamountisbasedonthepredictedfuturecashflowoftheinvestee.

### 20. Long-term deferred expenses

Item	Opening balance	Increased during the period	Amortization during the period	Other increased during the period	Ending balance
Relocation of the intelligent manufacturing plant	3,635,861.94		1,983,197.40		1,652,664.54

### 21. Deferred income tax assets and deferred income 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 property depreciation preparation	150,951,087.69	23,018,941.94	131,024,120.50	20,010,586.00
Deferred income tax assets recognized from accrued liability	310,881,492.14	46,632,223.82	313,013,878.20	46,952,081.73
Deferred income tax assets recognized from Dismissal welfare	25,848,933.81	3,877,340.07	29,851,081.96	4,477,662.29
Deferred income tax assets recognized from deferred income	59,688,567.39	8,972,368.32	49,566,302.74	7,456,073.25
Deferred income tax assets recognized from irreparable losses	96,063,400.37	14,526,212.50	75,254,272.72	11,409,917.37
Deferred income tax assets recognized from changes in the fair value	19,178,179.63	2,876,726.94	387,268.52	58,090.28
Accrued income tax assets	874,767.09	131,215.06	2,164,484.73	324,672.71
<b>Total</b>	<b>663,486,428.12</b>	<b>100,035,028.65</b>	<b>601,261,409.37</b>	<b>90,689,083.63</b>

#### (2) Deferred income tax liabilities without the offset

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Recognized by fixed assets depreciation	4,726,807.93	709,021.19		

#### (3) Details of unrecognized deferred income tax assets

Item	Ending balance	Opening balance
Deductible temporary difference	41,913,303.14	49,551,458.77
Deductible loss	495,384,760.77	438,730,245.37
<b>Total</b>	<b>537,298,063.91</b>	<b>488,281,704.14</b>

### 22. Short-term loans

#### (1) Types of short-term loans

Type of loans	Ending balance	Opening balance
Loan in pledge	639,665,990.00	266,980,000.00

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Guaranteed loan	58,200,000.00	374,226,000.00
Loan in credit	1,028,042,740.38	990,000,000.00
<b>Total</b>	<b>1,725,908,730.38</b>	<b>1,631,206,000.00</b>

New loans in the period:

1. The Company signed Export Business Financing Contract with Hefei Branch of Agriculture Bank of China, which sets the agreed financing term (30 March 2018 to 20 September 2018), interest rate of 2.75240% and financing amount of USD 16,000,000.00 (equivalent to RMB 105,865,600.00).

2. The Company signed Export Business Financing Contract with Hefei Branch of Agriculture Bank of China, which sets the agreed financing term (28 April 2018 to 18 October 2018), interest rate of 2.86956% and financing amount of USD 15,000,000.00 (equivalent to RMB 99,249,000.00).

3. The Company signed Export Trade Receivables Pool Financing Contract with Hefei Branch of Huaxia Bank, which sets the agreed financing term (12 February 2018 to 14 August 2018), interest rate of 2% and financing amount of USD 20,000,000.00 (equivalent to RMB 132,332,000.00).

4. The Company signed Export Trade Receivables Pool Financing Contract with Hefei Branch of Huaxia Bank, which sets the agreed financing term (28 April 2018 to 20 April 2019) and interest rate of 2%. The Company applied financing amount of USD 10,150,000.00 (equivalent to RMB 67,158,490.00) from Hefei Branch of Huaxia Bank by pledge of notes.

5. The Company signed Liquidity Loan Contract with Hefei Luyang Branch of China Construction Bank, which sets the agreed financing term (1 March 2018 to 28 February 2019), fixed interest rate of 4.13% per annum and loan amount of RMB 200,000,000.00.

6. The Company signed Liquidity Loan Contract with Hefei Luyang Branch of China Construction Bank, which sets the agreed financing term (24 April 2018 to 23 April 2019), fixed interest rate of 4.7% per annum. The Company applied short term borrowing of RMB 100,000,000.00 from Hefei Luyang Branch of China Construction Bank by pledge of notes.

7. The Company signed Issue of Domestic Letter of Credit Contract with Hefei Economic and Technology Development Zone Branch of Bank of China, which sets the agreed term (28 April 2018 to 25 October 2018), fixed interest rate of 4.7% per annum and loan amount of RMB 58,000,000.00.

8. The Company signed Liquidity Loan Contract with Hefei Luyang Branch of China Construction Bank, which sets the agreed financing term (14 May 2018 to 14 May 2019), fixed interest rate of 4.7% per annum. The Company applied short term borrowing of RMB 100,000,000.00 from Hefei Luyang Branch of China Construction Bank by pledge of notes.

9. The Company signed Liquidity Loan Contract with Hefei Branch of China Merchants Bank, which sets the agreed term (13 June 2018 to 13 June 2019), fixed interest rate of 4.5% per annum. The Company applied short term borrowing of RMB 100,000,000.00 from Hefei Branch of China Merchants Bank by pledge of notes.

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

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10. The Company signed Liquidity Loan Contract with Hefei Branch of Agriculture Bank of China, which set the agreed term (29 June 2018 to 28 June 2019), fixed interest rate of 4.35% per annum and loan amount of RMB 100,000,000.00.

11. The Company signed Liquidity Loan Contract with Hefei Economic and Technology Development Zone Branch of Bank of China, which determined the agreed term of 12 months commencing from the actual date of drawing. The actual date of drawing was 29 September 2017, which meant the term of the loan was from 29 September 2017 to 28 September 2018. The loan of RMB 50,000,000.00 bore fixed interest rate of 4.35% per annum.

12. The Company signed Liquidity Loan Contract with Hefei Economic and Technology Development Zone Branch of Hangzhou Bank, which set the agreed term (26 July 2017 to 25 July 2018), fixed interest rate of 3.7338% per month and loan amount of RMB 40,000,000.00.

13. The Company signed Issue of Domestic Letter of Credit Contract with Hefei Economic and Technology Development Zone Branch of Huishang Bank. According to the Application for Issue of Domestic Letter of Credit of Huishang Bank, The Company was issued the irrevocable documentary letter of credit in an amount of RMB 60,000,000.00, with Jiangxi Meiling Appliances Co., Ltd. as the beneficiary, term of 360 days from 10 November 2017 to 5 November 2018 and fixed interest rate of 4.10% per annum.

14. The Company was issued a domestic letter of credit in the Hefei Branch of Jiujiang Bank in an amount of RMB 4,996,140.38 with Jiangxi Meiling Appliances Co., Ltd. as the beneficiary. The date of issue was 23 May 2018 and the date of payment was 19 November 2018 at discounted rate of 4.8%.

15. According to the Liquidity Loan Contract entered into between Zhongke Meiling and Anhui Branch of Bank of China, Zhongke Meiling applied short term loan of RMB 9,200,000.00 from Anhui Branch of Bank of China via guarantee with The Company as the guarantor. The term of the loan was from 29 June 2018 to 28 June 2019, and the loan bore interest at floating rate with the very 12 months as a floating period.

16. According to the Domestic Letter of Credit Forfeiting Transaction Contract entered into between Jiangxi Meiling and Hefei Economic and Technology Development Zone Branch of Huishang Bank, Jiangxi Meiling applied short term loan of RMB 100,000,000.00 from Hefei Economic and Technology Development Zone Branch of Huishang Bank via letter of credit at interest rate of 4.65% for a term from 9 April 2018 to 3 April 2019.

17. According to the Recourse Fast Factoring Contract entered into between Jiangxi Meiling and Hefei Shouchun Branch of Bank of Communication, Jiangxi Meiling applied short term loan of RMB 49,000,000.00 from Hefei Shouchun Branch of Bank of Communication via factoring of trade receivables at interest rate of 4.75% for a term from 29 June 2018 to 29 December 2018.

18. According to the Export Business Financing Contract entered into between Zhongshan Changhong Company and Zhongshan Nantou Branch of Industrial and Commercial Bank of China, Zhongshan Changhong Company applied financing of RMB 64,300,000.00 from Zhongshan Nantou Branch of Industrial and Commercial Bank of China via export commodity financing at the financing rate of 4.35% for a term from 22 January 2018 to 23 July 2018.

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

19. According to the Export Business Financing Contract entered into between Zhongshan Changhong Company and Zhongshan Nantou Branch of Agriculture Bank of China, Zhongshan Changhong Company applied financing of RMB 19,500,000.00 from Zhongshan Nantou Branch of Agriculture Bank of China via export commodity financing at the financing rate of 4.35% for a term from 29 January 2018 to 26 July 2018.

20. According to the Export Business Financing Contract entered into between Zhongshan Changhong Company and Zhongshan Nantou Branch of Industrial and Commercial Bank of China, Zhongshan Changhong Company applied financing of RMB 56,000,000.00 from Zhongshan Nantou Branch of Industrial and Commercial Bank of China via export commodity financing at the financing rate of 4.70% for a term from 24 February 2018 to 24 August 2018.

21. According to the Export Business Financing Contract entered into between Zhongshan Changhong Company and Zhongshan Branch of Huaxia Bank, Zhongshan Changhong Company applied financing of USD 6,500,000.00 (equivalent to RMB 43,007,900.00) from Zhongshan Branch of Huaxia Bank via export commodity financing at the financing rate of 3.75% for a term from 22 March 2018 to 18 September 2018.

22. According to the Export Business Financing Contract entered into between Zhongshan Changhong Company and Zhongshan Branch of China Construction Bank, Zhongshan Changhong Company applied financing of US D 6,000,000.00 (equivalent to RMB 39,699,600.00) from Zhongshan Branch of China Construction Bank via export commodity financing at the financing rate of 3.90% for a term from 18 April 2018 to 15 October 2018.

23. According to the Export Business Financing Contract entered into between Zhongshan Changhong Company and Zhongshan Nantou Branch of Industrial and Commercial Bank of China, Zhongshan Changhong Company applied financing of RMB 50,000,000.00 from Zhongshan Nantou Branch of Industrial and Commercial Bank of China via export commodity financing at the financing rate of 4.90% for a term from 26 April 2018 to 23 October 2018.

24. According to the RMB Short-term Loan Contract entered into between Sichuan Changhong Air Conditioner Co., Ltd. and Sichuan Changhong Group Finance Co., Ltd., Sichuan Changhong Air Conditioner Co., Ltd. applied short-term loan of RMB 77,600,000.00 from Sichuan Changhong Group Finance Co., Ltd. via letter of credit, among which, RMB 15,600,000.00 born interest at the rate of 5.4% for a term from 21 May 2018 to 21 May 2019, while RMB 62,000,000.00 born interest at the rate of 5.4% for a term from 30 May 2018 to 30 May 2019.

(2) No overdue short-term borrowings unredeemed at period-end.

23. Financial liabilities measured by fair value and with its variation reckoned into current gain/loss

Item	Ending balance	Opening balance
Derivative financial liabilities	44,249,602.74	16,034,000.00

24. Notes payable

Type	Ending balance	Opening balance
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## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Bankacceptance	3,432,187,231.63	3,421,210,611.84
Commercialacceptancebill	682,931,131.82	585,555,246.15
<b>Total</b>	<b>4,115,118,363.45</b>	<b>4,006,765,857.99</b>

Nonotesexpiredatperiod-endwithoutpaid

### 25.Accountpayable

#### (1)Ageofaccountpayable

Item	Endingbalance	Openingbalance
<b>Total</b>	<b>4,135,935,489.96</b>	<b>2,869,886,049.19</b>
Including:over1year	102,924,139.31	55,323,422.28

(2)Nomajoraccountpayablewithoveroneyearbookageatperiod-end.

### 26.Advancepayment

#### (1)Ageofadvancepayment

Item	Endingamount	Openingamount
<b>Total</b>	<b>477,631,553.78</b>	<b>438,386,810.72</b>
Including:over1year	22,935,431.18	18,668,644.77

(2)Nomajoraccountreceivedinadvancewithoveroneyearageatperiod-end

### 27.Wagespayable

#### (1)Typesofwagespayable

Item	Openingbalance	Increaseduringthep eriod	Decreaseduringthep eriod	Endingbalance
Short-termcompensation	171,796,192.03	690,620,806.40	707,071,663.38	155,345,335.05
After-servicewelfare-definedcontribut ionplans	7,817,314.81	53,406,872.46	50,371,530.67	10,852,656.60
Dismisswelfare	5,205,660.02	2,544,825.91	3,128,883.00	4,621,602.93
<b>Total</b>	<b>184,819,166.86</b>	<b>746,572,504.77</b>	<b>760,572,077.05</b>	<b>170,819,594.58</b>

#### (2)Short-termcompensation

Item	Openingbalance	Increaseduringthep eriod	Decreaseduringthep eriod	Endingbalance
Wages,bonuses,allowancesandsubsidies	162,141,438.55	614,087,066.54	634,693,501.50	141,535,003.59
Welfareforworkersandstaff	203,386.00	25,340,406.91	25,037,151.91	506,641.00
Socialinsurance	3,557,340.38	23,503,488.24	22,219,598.77	4,841,229.85
Including:Medicalinsurance	3,297,243.66	21,202,250.76	20,075,246.71	4,424,247.71
Workinjuryinsurance	98,987.95	1,636,720.07	1,578,091.45	157,616.57
Maternityinsurance	161,108.77	664,517.41	566,260.61	259,365.57
Housingaccumulationfund	4,128,393.08	26,050,491.65	23,500,586.12	6,678,298.61

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Laborunionexpenditureandperson neleducationexpense	1,765,634.02	1,639,353.06	1,620,825.08	1,784,162.00
<b>Total</b>	<b>171,796,192.03</b>	<b>690,620,806.40</b>	<b>707,071,663.38</b>	<b>155,345,335.05</b>

### (3) Defined contribution plans

Item	Opening balance	Increased during the period	Decreased during the period	Ending balance
Basic endowment insurance	6,637,301.90	51,430,812.45	48,641,083.82	9,427,030.53
Unemployment insurance	1,180,012.91	1,976,060.01	1,730,446.85	1,425,626.07
<b>Total</b>	<b>7,817,314.81</b>	<b>53,406,872.46</b>	<b>50,371,530.67</b>	<b>10,852,656.60</b>

### 28. Tax payable

Item	Ending balance	Opening balance
Value-added tax	6,579,328.53	9,639,617.86
Enterprise income tax	5,267,788.94	19,295,436.64
Individual income tax	2,777,429.60	4,763,232.23
Urban maintenance and construction tax	1,190,894.12	873,061.03
House property tax	5,679,707.48	6,127,114.13
Land-user right tax	2,731,099.88	2,949,096.59
Educational surtax	863,772.73	679,571.16
Stamp tax	824,347.16	2,455,816.00
Construction fund of Water Conservancy Projects	670,706.55	1,044,508.56
Treatment fund for abandoned electric & electronics products	21,239,730.00	11,579,556.00
Other	63,370.18	1,885,661.52
<b>Total</b>	<b>47,888,175.17</b>	<b>61,292,671.72</b>

### 29. Interest payable

#### (1) Classification of interest payable

Item	Ending balance	Opening balance
Interest on long-term loans for repayment of principal of installment maturity	238,038.91	172,254.25
Interest of short-term loans	6,825,942.73	6,269,254.43
<b>Total</b>	<b>7,063,981.64</b>	<b>6,441,508.68</b>

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

### 30. Dividends payable

Item	Ending balance	Opening balance
A-share appointing households	35,606,969.40	
Sichuan Changhong Electric Co., Ltd.	14,082,358.08	
Hefei Industrial Investment Holding (Group) Co., Ltd.	2,869,404.06	
City Insurance company	524,279.25	450,504.45
BOC-Full goal Tianyi Securities Investment Fund	153,697.50	153,697.50
Hefei Branch of BOC	262,139.60	225,252.20

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Hefecollectiveindustryassociation	262,139.20	225,251.86
EntrustInvestmentWuhuofProvincialABC	209,711.70	180,201.78
Otherpiecemealunits	1,822,961.12	1,655,457.01
<b>Total</b>	<b>55,793,659.91</b>	<b>2,890,364.80</b>

Note:Balanceatperiod-endreferstothecommondividendsthatnotreceivingbyshareholders.

### 31. Other account payable

#### (1) Classification of other payable according to nature of account

Nature of account	Ending balance	Opening balance
1. Accrued expenses (expenses occurred without reimbursed)	622,960,658.12	550,991,753.72
2. Receivables received temporary and deducted temporary	20,756,361.55	27,098,950.42
3. Deposit, margin	111,717,485.02	90,748,996.24
4. Not the come-and-go with related parties in statement scope	18,897,982.40	9,225,961.80
5. Other	49,303,105.38	156,219,973.82
<b>Total</b>	<b>823,635,592.47</b>	<b>834,285,636.00</b>

(2) The major other account payable with account age over one year at end of the period refer to the purchase margin

### 32. Non-current liability due within one year

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

Item	Ending balance	Opening balance
Long term loans due within one year	250,000,000.00	32,174,400.80
Deferred income transfer to gains and losses within one year	14,293,857.23	14,279,975.88
<b>Total</b>	<b>264,293,857.23</b>	<b>46,454,376.68</b>

#### (2) Deferred income transfer into profit and loss within 1 year

Item of government subsidies	Opening amount	Amount reckoned into non-operation revenue in the period	Other changes	Ending amount	Assets related/ Income related
Demolition compensation of Jiangxi Meiling	1,797,880.32	898,940.16	898,940.16	1,797,880.32	Assets related
Demolition compensation of Changhong Meiling	2,390,530.18	1,195,265.35	1,195,265.83	2,390,530.66	Assets related
Technical reform for Athena Project	4,286,250.00	2,143,125.00	2,143,125.00	4,286,250.00	Assets related
Freezer project of Changhong Meiling	734,062.52	367,031.24	367,031.24	734,062.52	Assets related
Adaptability improvement R290D52/13-R290 project for production of FTXS	2,364,981.69	1,182,490.85	1,182,490.85	2,364,981.69	Assets related
Promoting the new industry (annual output of 0.6 million)	304,412.50	152,206.24	152,206.24	304,412.50	Assets related

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

tionmedium&largevolumeenvironmentalprotect ionandenergysavingfreezer)					
ProjectofVISAApplication	1,409,302.33	704,651.16	704,651.16	1,409,302.33	Assetsrelated
Industrializationofenergy-savingint elligentAC	210,309.28	105,154.63	105,154.63	210,309.28	Assetsrelated
Subsidyfornewplantproject	500,000.00	250,000.00	250,000.00	500,000.00	Assetsrelated
Smartlifeandfreshlifeproject	165,279.14	886,226.74	720,947.60		Assetsrelated
Developmentsubsidyfortechicalref ormonproductionline	40,892.59	20,446.31	20,446.31	40,892.59	Assetsrelated
Promotioncapitalofthedevelopment ofinternaltradeandcirculationservi ceindustry	76,075.33	38,037.65	38,037.66	76,075.34	Assetsrelated
Subsidyforequipmentpurchasingfor HefeiTech.Improvementproject			179,160.00	179,160.00	Assetsrelated
Designandapplicationofenergysavi ngairconditioningduct		300,000.00	300,000.00		Assetsrelated
<b>Total</b>	<b>14,279,975.88</b>	<b>8,243,575.33</b>	<b>8,257,456.68</b>	<b>14,293,857.23</b>	

Note: The project refers to the deferred income transfer to the non-current liability due within one year, which will be expected to be amortized next year.

### 33. Long-term loans

#### (1) Classification of long-term loans

Type	Ending amount	Opening amount
Loan in mortgage	1,920,000.00	2,560,000.00
Loan in credit	600,000.00	250,600,000.00
<b>Total</b>	<b>2,520,000.00</b>	<b>253,160,000.00</b>

#### (2) Details of long-term loans at year-end

Loan unit	Borrowing day	Returning day	Foreign currency	Interest rate	Ending amount (RMB)	Opening amount (RMB)
Ministry of Finance of Hefei <sup>note1</sup>	2004.12.10	2019.12.10	RMB	1.80%	600,000.00	600,000.00
Ministry of Finance of Hefei <sup>note2</sup>	2006.11.09	2021.11.08	RMB	1.80%	1,920,000.00	2,560,000.00
Anhui branch Import and Export Bank <sup>note3</sup>	2017.05.12	2019.05.12	RMB	3.35%		250,000,000.00
<b>Total</b>					<b>2,520,000.00</b>	<b>253,160,000.00</b>

Note 1: It was the special Treasury bond capital appropriated by Ministry of Finance of Hefei for enterprises' information reform, received on Dec. 10<sup>th</sup>, 2004.

Note 2: In August of 2006, the Company signed Asset Mortgage Agreement with Ministry of Finance of Hefei. It takes five industry crusher chambers which cover an area of 2,322.98 square meters as mortgage for the Company to get the lending of treasury bond fund which has 15-year term and worthy of RMB 7,040,000 from the Ministry of Finance of Hefei. The capital on-lending began to bear interest from the appropriated date (November 9, 2006), which would be paid by stages in the loan period to Ministry of Finance of Hefei by the Company. The first four years were reg



## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

race period, during which the annual interest rate was subject to floating interest rate (the annual interest rate was the annual interest rate of one year fixed deposit plus 0.3%). On 1 March 2013, according to the Letter Relating to Ceasing Process of Other Securities in respect of the Properties in Feidong Longgang Industrial Park of Hefei Meiling Co., Ltd. (HCJ(2006)No.85) issued by the finance office of Hefei, Meiling commenced the national purchase of its land parcels in Longgang in compliance with the land planning of Hefei municipal government, which required its properties in Longgang land parcel to be unrestricted. Therealestateformortgageliftedin2006oftheCompanywith registration No. HGYJCZ No. 0121 which was used as the security for treasury bonds lending capital (details were set out in Note VI.17).

Note 3: On 12 May 2017, the Company entered into a Loan Agreement (seller's credit on exports) with Anhui Branch of Import and Export Bank. The loans from Import and Export Bank to the Company amounted as 250 million Yuan, and the loans will be used on capital turnover for general mechanical and electrical products; term of the loans was 24 months, and the interest rate will be based on the export seller's credit rate, fixed annual interest rate agreed as 3.35%. Quarter interest settlement on 20 March, 20 June, 20 September and on 20 December, and has re-classified as non-current liability due within one year at end of the period.

### 34. Long-term payable

Classify by nature

Nature	Ending balance	Opening balance
Financing lease	3,630,173.13	3,953,687.53
Supporting fund for technical reconstruction <sup>note</sup>	7,000,000.00	7,000,000.00
<b>Total</b>	<b>10,630,173.13</b>	<b>10,953,687.53</b>

Note: Technology upgrade supporting fund represents the amount invested into our subsidiary Zhongshan Changhong by Zhongshan Zhongying Investment Company pursuant to the relevant requirements under "the provisions on administration of special capital to be applied for such industries as supported by fiscal policies of Zhongshan", which is specially used for the project of "Expansion of Production Capacity and Upgrade of Facilities and Technology of Air Conditioner Business of Zhongshan Changhong".

### 35. Long-term wage payable

Item	Ending balance	Opening balance
Dismissal welfare	21,227,330.88	24,645,421.94

According to the internal early retirement policy, the long-term payable dismissal welfare bears by the Company up to end of the period amounting to RMB 21,227,330.88.

### 36. Special payable

Item	Opening balance	Increased during the period	Decreased during the period	Ending balance	Reason
Special fund of technical transformation of Zhongshan	1,530,000.00			1,530,000.00	Zhongshan Science & Technology Plan

### 37. Accrued liability

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Item	Endingbalance	Openingbalance	Reason
Productqualityguarantee	6,183,877.90	6,183,877.90	Guaranteeofproduct
Guaranteefundforqualityservice	304,697,614.24	306,830,000.30	Guaranteeofproduct
<b>Total</b>	<b>310,881,492.14</b>	<b>313,013,878.20</b>	

ProductqualitydepositisthemaintenanceexpenseprovidedbytheCompanyunderthenationalpolicy,whilequalityservicespecialguaranteecapitalisthewarrantycostsprovidedforproductqualityinadditiontosuchpolicy.

### 38. Deferred income

#### (1) Classification of deferred income

Item	Endingamount	Openingamount
Governmentsubsidies---subsidiesofdevelopmentproject	63,390,259.09	54,206,139.78
Governmentsubsidies---subsidiesofRelocation	46,269,609.62	48,363,815.61
<b>Total</b>	<b>109,659,868.71</b>	<b>102,569,955.39</b>

#### (2) Governmentsubsidy

Item	Openingamount	Newsubsidy intheperiod	Amountreckonedintonon-operatingincome	Otherchanges	Endingamount	Assetsrelated/ Incomerelated
DemolitioncompensationofChanghong Meiling	42,604,941.31			1,195,265.83	41,409,675.48	Assetsrelated
Athenaluxuryrefrigerator	9,164,062.50			2,143,125.00	7,020,937.50	Assetsrelated
IcecubeoprojectofChanghongMeiling	1,468,124.96			367,031.24	1,101,093.72	Assetsrelated
Promotingthenewindustry(annualoutputof0.6millionmedium&largevolumeenvironmentalprotectionandenergysaving freezer)	1,369,856.27			152,206.24	1,217,650.03	Assetsrelated
Researchapplicationofinvertercontrol MCUchip	2,300,000.00				2,300,000.00	Assetsrelated
Subsidyfornewplantproject	4,291,666.67			250,000.00	4,041,666.67	Assetsrelated
SubsidyforequipmentpurchasingfromHefeiTech.Improvementproject		1,791,600.00	164,230.00	179,160.00	1,448,210.00	Assetsrelated
Specialfundsforinnovationdrivendevelopmentattheprovincialelevel	2,950,000.00				2,950,000.00	Assetsrelated
DemolitioncompensationofJiangxiMeiling	5,758,874.30			898,940.16	4,859,934.14	Assetsrelated
Subsidyfordevelopmentofthetechnicalreforminproduction	170,385.82			20,446.31	149,939.51	Assetsrelated

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

line						
Industrialization of energy saving intelligent AC	1,279,381.45			105,154.63	1,174,226.82	Assets related
Project of VIS Application	7,281,395.35			704,651.16	6,576,744.19	Assets related
Adaptation of new refrigerant production R290 Item/D52/13-R290	14,189,890.14			1,182,490.85	13,007,399.29	Assets related
Smart white-appliance software platform and typical application R&D industrialization	4,000,000.00				4,000,000.00	Assets related
Development of CHI Qair-conditioner and production ability	2,350,000.00				2,350,000.00	Assets related
Design and application of energy saving AC duct	300,000.00			300,000.00	-	Assets related
Project of smart life and fresh life	720,947.60			720,947.60	-	Assets related
Construction of inspection capacity for transducer-used key chip and modules		6,840,000.00			6,840,000.00	Assets related
Production base moving for Changhong Air-conditioner and capacity improvement and upgrading project		6,880,000.00			6,880,000.00	Assets related
Strategic new industry & high-end growth industry special fund	2,000,000.00				2,000,000.00	Assets related
Development of domestic trade and circulation service industry	370,429.02			38,037.66	332,391.36	Assets related
<b>Total</b>	<b>102,569,955.39</b>	<b>15,511,600.00</b>	<b>164,230.00</b>	<b>8,257,456.68</b>	<b>109,659,868.71</b>	

Note: other changes of this item are attributable to reclassification of the amount to be amortized over one year to non-current liabilities due within one year.

### 39. Share capital

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

### 40. Capital reserve

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Item	Opening amount	Increased during the period	Decreased during the period	Ending amount
Share premium	2,636,633,081.37		418,120.44	2,636,214,960.93
Other capital reserve	48,173,262.70			48,173,262.70
<b>Total</b>	<b>2,684,806,344.07</b>		<b>418,120.44</b>	<b>2,684,388,223.63</b>

Notes: change of equity premium for this period are attributable to: (1) The Company made capital increase for Changhong Meiling Technology Co., Ltd. in 2018, and the difference between the new long-term equity investment and the share of net assets of the subsidiary calculated based on the new shareholding proportion for the period commencing from the acquisition date was RMB(310,040.75), which was recorded as capital reserve; (2) The Company acquired minority interest of Chengdu Meiling Marketing Company in 2018, and the difference between the new long-term equity investment and the share of net assets of the subsidiary calculated based on the new shareholding proportion for the period commencing from the acquisition date was RMB(108,079.69), which was recorded as capital reserve.

### 41. Other comprehensive income

Item	Opening balance	Current Year					Ending balance
		Account before income tax in the period	Less: written other comprehensive income in previous period and carried forward to gains and losses in current period	Less: income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	
Other comprehensive income re-divided into gains/losses							
Including: conversion difference arising from foreign currency financial statement	-726,322.02	-893,360.51			-693,349.71	-1,946,010.80	-14,255,671.73

### 42. Surplus reserves

Item	Opening amount	Increased during the period	Decreased during the period	Ending amount
Statutory surplus reserve	275,421,718.17			275,421,718.17
Discretionary surplus reserve	115,607,702.16			115,607,702.16
<b>Total</b>	<b>391,029,420.33</b>			<b>391,029,420.33</b>

### 43. Retained profit

Item	Current Period	Last Period
Amount at the end of last year	937,894,771.93	968,097,382.98
Add: adjustment from undistributed profit at period-begin		
Including: retroactive adjustment by Accounting Standards for Business Enterprise		
change of accounting policy		
Correction of former material error		

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Changeofcombinationscopeundercommoncontrol		
<b>Amountatthebeginningofthisyear</b>	937,894,771.93	968,097,382.98
Add:netprofitattributabletoshareholdersofparentcompanyforthisperiod	50,684,231.73	32,473,204.92
Less:withdrawofstatutorysurplusreserve		
withdrawofdiscretionalsurplusreserve		
Withdrawofgeneralriskprovision		
Dividendpayableforordinaryshares	62,675,872.86	62,675,815.97
Dividendofordinarysharestransferredtosharecapital		
<b>Amountattheendofthisperiod</b>	<b>925,903,130.80</b>	<b>937,894,771.93</b>

### 44.Operationincome,operationcost

#### (1)Operationincomeandoperationcost

Item	CurrentPeriod	Thesameperiodoflastyear
Mainbusinessincome	8,757,143,510.24	8,133,419,814.85
Otherbusinessincome	514,366,059.43	384,374,378.25
<b>Total</b>	<b>9,271,509,569.67</b>	<b>8,517,794,193.10</b>
Mainbusinesscost	7,281,761,791.71	6,646,020,504.49
Otherbusinesscost	476,391,769.38	350,205,544.36
<b>Total</b>	<b>7,758,153,561.09</b>	<b>6,996,226,048.85</b>

#### (2)Mainbusinessclassifiedaccordingtoproduct

Product	CurrentPeriod		Thesameperiodoflastyear	
	Operationincome	Operationcost	Operationincome	Operationcost
Refrigerator,freezer	3,684,406,463.15	3,058,028,464.57	3,712,357,454.31	3,021,413,721.30
Air-condition	4,377,900,401.60	3,651,494,563.49	3,830,599,287.94	3,157,180,107.27
Washingmachine	245,765,756.90	194,685,123.72	227,162,009.50	177,357,302.38
Smallappliancesandkitchenandtoilet	342,326,803.66	289,208,295.28	264,195,096.38	229,232,770.78
Other	106,744,084.93	88,345,344.65	99,105,966.72	60,836,602.76
<b>Total</b>	<b>8,757,143,510.24</b>	<b>7,281,761,791.71</b>	<b>8,133,419,814.85</b>	<b>6,646,020,504.49</b>

#### (3)Mainbusinessclassifiedaccordingtosalesregion

Region	CurrentPeriod		Thesameperiodoflastyear	
	Operationincome	Operationcost	Operationincome	Operationcost
Domestic	6,582,227,391.77	5,265,836,158.39	6,013,436,261.57	4,647,630,149.87
Overseas	2,174,916,118.47	2,015,925,633.32	2,119,983,553.28	1,998,390,354.62

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

<b>Total</b>	<b>8,757,143,510.24</b>	<b>7,281,761,791.71</b>	<b>8,133,419,814.85</b>	<b>6,646,020,504.49</b>
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Top five clients have income in sales of RMB 2,595,984,278.90 in total, a 28.00% in total operation income.

### 45. Business tax and extra charges

Item	Current Period	The same period of last year
City construction tax	8,406,952.52	8,915,596.60
Extra charge for education and local education surcharge	6,193,234.76	6,645,828.18
Real estate tax	6,331,152.39	5,629,056.96
Treatment fund for abandoned electronics & electronics	31,447,903.00	31,420,436.00
Land tax	3,434,654.93	4,976,086.01
Stamp duty	4,753,277.96	4,878,793.95
Water fund	3,853,591.62	3,205,205.83
Other	626,093.52	165,016.78
<b>Total</b>	<b>65,046,860.70</b>	<b>65,836,020.31</b>

### 46. Sales expense

Item	Current Period	The same period of last year
Transport expenses	305,836,447.75	294,108,877.21
Salary and extra charges	292,922,520.17	236,131,802.33
Air conditioner installation fee	203,099,493.53	178,757,254.42
Market support fee	120,554,254.66	147,028,679.89
National three guarantee expense	115,087,841.60	119,131,144.08
Storage lease expenses	46,989,665.76	54,395,016.56
Travelling expenses	22,116,566.78	19,520,650.45
Advertisement expenses	20,439,905.41	30,738,929.11
Operation activities expenses	11,545,987.12	10,205,202.11
House-lease expenses	9,315,946.49	8,851,097.31
Meeting organization expenses	5,136,507.36	6,278,918.66
Depreciation expenses	4,681,132.02	3,128,078.94
Vehicle consumption	3,629,608.16	3,093,351.13
Communication expenses	2,791,642.75	2,912,337.19
Exhibition expenses	1,349,558.46	2,926,713.09
Other expenses	24,244,023.30	22,963,979.60
<b>Total</b>	<b>1,189,741,101.32</b>	<b>1,140,172,032.08</b>

### 47. Administration expense

Item	Current Period	Last period
Salary and social insurance etc.	105,968,060.04	96,746,046.21

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Amortized intangible assets	35,012,569.31	26,351,436.68
Trial fee of R&D	29,062,775.42	20,069,927.78
Depreciation	12,151,199.79	12,215,178.83
Utilities	4,909,774.54	5,236,432.59
Inspection and authentication fee	4,767,206.07	3,236,512.69
Domestic travelling fee	3,721,906.62	3,657,865.58
Business activities fee	2,696,340.04	2,348,636.48
Property insurance fee	2,525,455.64	1,947,504.69
Office fee	1,375,313.23	3,101,227.29
Other fee	39,584,483.63	47,622,322.92
<b>Total</b>	<b>241,775,084.33</b>	<b>222,533,091.74</b>

### 48. Financial expense

Item	Current Period	The same period of last year
Interest expenditure	60,155,710.42	16,357,573.34
Less: Interest income	64,297,532.05	74,918,215.41
Add: exchange loss	-8,469,817.98	12,143,246.92
procedure charge expenditure	7,644,041.40	6,631,231.15
discount expenditure	-8,492,429.72	6,331,681.33
<b>Total</b>	<b>-13,460,027.93</b>	<b>-33,454,482.67</b>

### 49. Loss from Assets depreciation

Item	Current Period	The same period of last year
Bad debt losses	15,351,964.10	30,101,356.29
Provision for falling price of inventory	3,586,156.55	15,391,916.45
<b>Total</b>	<b>18,938,120.65</b>	<b>45,493,272.74</b>

### 50. Changes in fair value gains/loses

Item	Current Period	The same period of last year
Financial assets measured at fair value and whose movements are included in the profit and loss of the current period	9,424,691.63	-1,246,940.80
Including: Income of fair value changes from derivative financial instruments	9,424,691.63	-1,246,940.80
Financial liabilities measured at fair value and whose movements are included in the profit and loss of the current period	-28,215,602.74	-9,112,144.50
Including: Income of fair value changes from derivative financial instruments	-28,215,602.74	-9,112,144.50
<b>Total</b>	<b>-18,790,911.11</b>	<b>-10,359,085.30</b>

### 51. Investment income

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### (1) Sources of investment income

Item	Current Period	The same period of last year
Long-term equity investment income by equity method	-15,674,377.81	-3,226,328.17
Investment income obtained from disposal of long-term equity investment		2,506.98
Investment income obtained from held off finance asset available for sales	34,464,061.27	19,584,987.35
Investment income obtained from disposal of finance asset available for sales		
Investment income obtained from disposal of financial assets measured at fair value and whose movements are included in the profit and loss of the current period	-4,040,264.37	7,232,183.50
<b>Total</b>	<b>14,749,419.09</b>	<b>23,593,349.66</b>

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

Item	Current Period	The same period of last year	Reason of change of this period than last period
Hefei Xingmei Assets Management Co., Ltd.	-858,103.15	-512,602.26	Changes of net profit of the invested unit
Changhong Ruba Electric Company (Private) Limited	-6,345,139.13	468,491.66	
Sichuan Zhiyijia Network Technology Co., Ltd.	-5,514,211.59	-2,236,489.97	
Hongyuan Ground Energy Heat Technology Co., Ltd.	-1,343,332.11	-41,337.05	Changes of net profit of the invested unit and counter current transaction offset
Sichuan Tianyou Guigu Technology Co., Ltd.	-703,779.88	971,714.68	
Chengdu Tianyou Guigu Environmental Technology Co., Ltd.	-909,811.95	-1,876,105.23	
<b>Total</b>	<b>-15,674,377.81</b>	<b>-3,226,328.17</b>	

### (3) Investment income obtained from disposal of long-term equity investment

Item	Current Period	The same period of last year
Equity income obtained from disposal of Hefei Meiling Packing Products Co., Ltd.		2,506.98

### (4) Investment income obtained while holding the financial assets available for sales

Item	Current Period	The same period of last year
Purchase of bank financial products	34,464,061.27	19,584,987.35

## 52. Income from assets disposal



## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Item	CurrentPeriod	Thesameperiodoflastyear	Amountreckonedin non-recurring gains/losses in the period
Income from non-current assets disposal	3,283,766.57	-11,098,098.67	3,283,766.57
Including: income classify to assets ready for sale			
income not classify to assets ready for sale			
Including: Income from fixed assets disposal	3,283,766.57	-11,098,098.67	3,283,766.57
Income from disposal of investment real estate			
Income from intangible assets disposal			
<b>Total</b>	<b>3,283,766.57</b>	<b>-11,098,098.67</b>	<b>3,283,766.57</b>

### 53. Other income

Item	CurrentPeriod	Thesameperiodoflastyear
Enterprise policy fund	15,410,000.00	
Subsidy of the new industrialization policies for enterprise intelligent transformation & upgrading in Open Area	4,845,400.00	
Others sporadic items	6,889,270.15	2,360,045.67
Logistics subsidy of the household appliance enterprise in Open Area for 2017	4,090,200.00	
VAT levied immediately	2,678,189.08	1,275,937.62
Athena luxury refrigerator project	2,143,125.00	2,143,125.00
Development policy award for service industry	1,428,700.00	
Production & trade enterprise award for Nanjing Port	1,414,840.00	1,238,685.00
Special funds for foreign trade & economic development for 2017	1,400,000.00	
Demolition compensation of Changhong Meiling	1,195,265.35	1,204,791.70
FTX production adaptation reform R290 project/D52/13-R290	1,182,490.85	1,182,490.85
Provincial special funds for industry & information technology for 2017 in Zhongshan City	1,168,000.00	
Innovation special fund for industrial transfer promotes processing trade	1,000,000.00	
Demolition compensation of Jiangxi Meiling	898,940.16	898,940.16
VISA research and application project	704,651.16	704,651.16
Provincial government subsidy for enterprise research and development in Guangdong Province for 2017	654,100.00	
Technology special development fund in provincial	520,600.00	
Freezer project of Changhong Meiling	367,031.24	367,031.25
Promoting the S&T innovation policy	355,100.00	
Industrialization project of the intelligent energy-saving AC	105,154.63	105,154.63
Awards of City S&T bureau	105,000.00	60,000.00
Supporting fund for multi-level talents for 2017 from Personnel bureau	5,000.00	104,000.00

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

nHefeiEconomicDevelopmentZone		
Goingoutsubsidyfor2017		177,831.00
Two-fusionstandardsidentifiedaward-nationalaward		500,000.00
SubsidyofChinaexportcreditinsurance-Anhuibranch		508,404.98
Specialfundsubsidyforexportcreditinsurance		526,900.00
Tech.reformationfund(Hi-Te.Refund)		757,289.85
Relocationcompensation		9,647,721.29
<b>Total</b>	<b>48,561,057.62</b>	<b>23,763,000.16</b>

### 54. Non-operation revenue

#### (1) Non-operation revenue

Item	CurrentPeriod	Thesameperiodoflastyear	Amountreckonedint non-recurringgains/ lossesintheperiod
Governmentsubsidy	225,000.00	3,000.00	225,000.00
Incomeofpenalty	277,194.36	483,051.41	277,194.36
Other	3,579,908.22	256,257.41	3,579,908.22
<b>Total</b>	<b>4,082,102.58</b>	<b>742,308.82</b>	<b>4,082,102.58</b>

#### (2) Government subsidy

Item	CurrentPeriod	Thesameperiodoflastyear	Resourceandbasis	Assets/benefitrelated
Othergovernmentsubsidy	125,000.00	3,000.00		Incomerelated
Hi-Te.Enterpriserecognitionsubsidy	100,000.00		PromotingS&Tinnovationp olicyinHefeiEconomicDeve lopmentZonefor2017-IV.9it ems	Incomerelated
<b>Total</b>	<b>225,000.00</b>	<b>3,000.00</b>		

### 55. Non-operating expenditure

Item	CurrentPeriod	Thesameperiodoflastyear	Amountreckonedint non-recurringgains/ lossesintheperiod
Penaltyandlatefee	34,570.26	16,170.32	34,570.26
Other	6,220.99	79,255.15	6,220.99
<b>Total</b>	<b>40,791.25</b>	<b>95,425.47</b>	<b>40,791.25</b>

### 56. Income tax expenses

Item	CurrentPeriod	Thesameperiodoflastyear
Current incometax	18,800,557.16	12,992,795.39
Deferred Income Tax	-8,649,608.87	-3,553,237.53
<b>Total</b>	<b>10,150,948.29</b>	<b>9,439,557.86</b>

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### 57. Other comprehensive income

Found more in 41. Other comprehensive income in VI

### 58. 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	The same period of last year
Government subsidy and rewards	38,722,345.21	6,083,950.26
Margin, deposit	7,680,619.00	2,932,691.26
Rent and trademark income	1,962,506.25	2,326,107.91
Compensations	2,892,909.75	492,082.89
Collection of restriction fund	71,867,901.70	
Other	2,336,054.87	4,734,239.77
<b>Total</b>	<b>125,462,336.78</b>	<b>16,569,072.09</b>

2) Cash paid for other activities relating to operation

Item	Current Period	Last Period
Market support	136,499,129.66	107,158,880.74
Advertising fee	17,501,197.89	16,086,131.50
Travel expenses, meeting fees and exhibition fees	36,198,455.38	34,426,812.88
Lease rentals	56,875,333.32	17,832,545.16
Business activities fee	15,258,911.52	16,561,532.31
Reserve fund, margin	29,518,682.87	9,558,081.08
Regular bus expenses	3,869,933.80	5,069,668.94
Inspection and certification fee	6,907,016.78	6,369,408.44
Vehicle cost	6,397,924.47	5,736,637.76
Service Charge	5,264,882.17	4,719,226.91
Office expenses	5,225,497.25	5,656,327.46
Labor service fee	5,254,528.82	2,370,608.63
Transfer to restriction fund		37,101,414.00
Other expenses	79,696,825.36	51,626,039.95
<b>Total</b>	<b>404,468,319.29</b>	<b>320,273,315.76</b>

3) Cash received from other activities relating to investment

Item	Current Period	Last Period
Interest income arising from bank savings	67,279,674.91	40,936,820.59
Government subsidy with assets concerned	15,511,600.00	
Other	1,678,745.81	540,386.28
<b>Total</b>	<b>84,470,020.72</b>	<b>41,477,206.87</b>

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### 4) Cash paid for other activities relating to investment

Item	Current Period	Last Period
Loses of forward exchange settlement		647,270.61
Bid bond refund	270,000.00	351,000.00
<b>Total</b>	<b>270,000.00</b>	<b>998,270.61</b>

### 5) Cash paid for other activities relating to financing

Item	Current Period	Last Period
Amount refund to minority shareholders due to the cancellation of subsidiary	2,000,000.00	15,642.93
Handling charge of dividend	10,179.95	135,968.31
Handling charge of private placement	5,000.00	
<b>Total</b>	<b>2,015,179.95</b>	<b>151,611.24</b>

### (2) Supplementary of the consolidated cash flow statement

Item	Current Period	The same period of last year
<b>1. Net profit is adjusted to cash flow of operation activities:</b>		
Net profit	53,008,564.72	98,094,701.39
Add: provision for depreciation of assets	18,938,120.65	45,493,272.74
Depreciation of fixed assets, consumption of oil gas assets and depreciation of productive biological assets	76,256,307.73	64,958,108.18
Amortization of intangible assets	35,299,207.62	26,594,339.27
Amortization of long-term retained expense	1,983,197.40	95,258.41
Loss from disposal of fixed assets, intangible assets and other long term assets (gain is listed with "-")	-3,283,766.57	11,098,098.67
Loss from discarding fixed assets as useless (gain is listed with "-")		
Loss from change of fair value (gain is listed with "-")	18,790,911.11	10,359,085.30
Financial expense (gain is listed with "-")	-12,611,639.61	-46,417,395.15
Investment loss (gain is listed with "-")	-14,749,419.09	-23,593,349.66
Decrease of deferred income tax assets (increase is listed with "-")	-9,345,945.02	-3,241,353.88
Increase of deferred income tax liabilities (decrease is listed with "-")	709,021.19	-305,541.12
Decrease of inventories (increase is listed with "-")	-500,342,261.06	-622,013,977.03
Decrease of operational accounts receivable (increase is listed with "-")	-979,401,011.32	-2,129,300,425.57
Increase of operational accounts payable (decrease is listed with "-")	1,475,238,073.31	3,052,409,876.36
Other		
Net cash flow arising from operation activities	160,489,361.06	484,230,697.91
<b>2. Major investment and financing activities that do not involve cash receipts:</b>		
Conversion of debt into capital		
Switching Company bonds due within one year		

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

financing lease off fixed assets		
<b>3. Net change in cash and cash equivalents:</b>		
Balance at period-end of cash	3,766,244,024.41	4,809,458,518.39
Less: Balance at period-begin of cash	5,089,765,770.39	3,986,098,419.76
Add: Balance at period-end of cash equivalents		
Less: Balance at period-begin of cash equivalents		
Net increase in cash and cash equivalents	-1,323,521,745.98	823,360,098.63

(3) Non-cash paid for subsidiary obtained in the Year

(4) Non-cash received from subsidiary disposal in the Year

(5) Cash and cash equivalent

Item	Current Period	Opening amount
Cash	3,766,244,024.41	5,089,765,770.39
Including: cash in stock	63,067.23	43,454.93
Bank deposits available for payment at any time.	3,343,743,786.53	4,600,242,944.53
Other monetary fund available for payment at any time	422,437,170.65	489,479,370.93
Cash equivalents		
Including: bond investment due within 3 months		
Balance of cash and cash equivalents at period-end	3,766,244,024.41	5,089,765,770.39
Including: using the restricted cash and cash equivalents of the parent company or subsidiary of the group		

59. Assets with ownership or the right to use restricted

Item	Ending Book value	Reasons
Monetary fund	165,946,017.95	Margin
Notes receivable	868,425,582.30	Pledged
Intangible assets <sup>Note1</sup>	19,214,965.77	Pledged
Account receivable <sup>Note2</sup>	365,961,446.70	Pledged
<b>Total</b>	<b>1,419,548,012.72</b>	

Note 1: intangible assets mortgaged refer to the land use right pledge, found more in "3.3. Long term borrowings" under this note VI

Note 2: Pledge of the account receivable refer to the account pledge for export bill financing.

60. Foreign currency

(1) Foreign currency

Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
<b>Monetary fund</b>			<b>426,516,609.71</b>
Including: USD	58,287,746.82	6.6166	385,666,705.61

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Euro	3,475,422.00	7.6515	26,592,191.44
AUD	1,768,989.02	4.8633	8,603,124.30
Rupi	19,191,112.90	0.054352	1,043,075.37
HKD	1,021.97	0.8431	861.62
IDR	10,023,155,161.00	0.00046	4,610,651.37
<b>Accountreceivable</b>			<b>1,085,756,121.96</b>
Including:USD	136,024,320.83	6.6166	900,018,521.20
Euro	4,296,648.54	7.6515	32,875,806.30
AUD	1,379,995.50	4.8633	6,711,332.12
Rupi	2,492,730,428.94	0.054352	135,484,884.27
IDR	23,186,039,275.00	0.00046	10,665,578.07
<b>Otheraccountreceivable</b>			<b>1,920,046.06</b>
Including:USD	21,827.00	6.6166	144,420.53
Rupi	22,816,493.81	0.054352	1,240,122.07
IDR	1,164,137,967.00	0.00046	535,503.46
<b>Accountpaidinadvance</b>			<b>8,070,391.28</b>
Including:USD	335,652.20	6.6166	2,220,876.35
Euro	604,695.80	7.6515	4,626,829.91
IDR	2,658,010,906.00	0.00046	1,222,685.02
<b>Accountpayable</b>			<b>134,730,329.20</b>
Including:USD	3,739,910.11	6.6166	24,745,489.23
Euro	67,295.81	7.6515	514,913.89
Rupi	1,902,230,428.53	0.054352	103,390,028.25
IDR	13,217,169,196.00	0.00046	6,079,897.83
<b>Otheraccountpayable</b>			<b>16,971,252.40</b>
Including:USD	936.81	6.6166	6,198.50
Rupi	304,804,434.33	0.054352	16,566,730.61
IDR	865,920,205.00	0.00046	398,323.29
<b>Accountreceivedinadvance</b>			<b>243,970,594.41</b>
Including:USD	35,589,539.58	6.6166	235,481,747.59
Euro	1,104,965.88	7.6515	8,454,646.43
AUD	6,636.50	4.8633	32,275.29
IDR	4,185,000.00	0.00046	1,925.10
<b>Short-termloans</b>			<b>487,312,590.00</b>
Including:USD	73,650,000.00	6.6166	487,312,590.00

### (2) Foreign operational entity

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

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### VII.Changesofconsolidationrage

1.Enterprisecombinedunderthedifferentcontrol:nil

2.Enterprisecombinedunderthesamecontrol:nil

3.Reversedtakeover:Nil

4.Disposalofsubsidiary:Nil

5.Subsidiaryliquidated

Subsidiary	Priceoftheequitydisposed	Ratiooftheequitydisposed	Wayoftheequitydisposed	Timepointofcontrolrightlose	Determinationbasisforthetimepointofcontrolrightlose	Differencebetweenthe disposalpriceandproportionofthesubsidiary'snetassetsenjoyinrespectoftheconsolidatedfinancialstatement,whichrespondtothedisposalinvestment	Othercomprehensiveincome transferredinto investmentincome,whichrelatedwiththeequityinvestmentoforiginalsubsidiary
ZhongshanHongyouElectricCo.,Ltd.		60.00%	Liquidationcancelled	2018.05	Liquidationcompleted		

6.Subsidiarynewlyestablished:Nil

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### VIII. Equity in other entity

#### 1. Equity in subsidiary

##### (1) Composition of the enterprise group

Subsidiary	Business area	Registration place	Business nature	Share-holding ratio(%)		Acquire way
				Directly	Indirectly	
Zhongke Meiling Cryogenic Technology Co., Ltd.1)	Hefei	Hefei	Manufactures, sales	66.87		Investment
Sichuan Hongmei Intelligent Technology Co., Ltd.2)	Mianyang	Mianyang	Software development		100.00	Investment
Mianyang Meiling Refrigeration Co., Ltd.3)	Mianyang	Mianyang	Manufactures, sales	95.00	5.00	Investment
Jiangxi Meiling Electric Appliance Co., Ltd.4)	JDZ	JDZ	Manufactures, sales	98.75	1.25	Investment
Hefei Meiling Appliance Marketing Co., Ltd.5)	Hefei	Hefei	Sales	99.82	0.18	Investment
Guangxi Huidian Home Appliance Co., Ltd.6)	Nanning	Nanning	Sales		100.00	Enterprise combined under the different control
Wuhu Meiling Appliance Marketing Co., Ltd.7)	Wuhu	Wuhu	Sales		98.00	Investment
Changchun Meiling Appliance Marketing Co., Ltd.8)	Changchun	Changchun	Sales		100.00	Investment
Jinan Xiangyou Appliance Marketing Co., Ltd.9)	Jinan	Jinan	Sales		91.40	Investment
Nanchang Xiangyou Appliance Marketing Co., Ltd.10)	Nanchang	Nanchang	Sales		85.00	Investment
Jinzhou Meiling Appliance Marketing Co., Ltd.11)	Jingzhou	Jingzhou	Sales		96.00	Investment
Shenyang Meiling Appliance Marketing Co., Ltd.12)	Shenyang	Shenyang	Sales		100.00	Investment
Wuhan Meizhirong Appliance Marketing Co., Ltd.113)	Wuhan	Wuhan	Sales		91.00	Investment
Zhengzhou Meiling Appliance Marketing Co., Ltd.14)	Zhengzhou	Zhengzhou	Sales		100.00	Investment
Shijiazhuang Meiling Appliance Marketing Co., Ltd.15)	Shijiazhuang	Shijiazhuang	Sales		100.00	Investment
Chengdu Meiling Appliance Marketing Co., Ltd.16)	Chengdu	Chengdu	Sales		96.00	Investment
Guiyang Meiling Appliance Marketing Co., Ltd.17)	Guiyang	Guiyang	Sales		100.00	Investment
Fuzhou Meiling Appliance Marketing Co., Ltd.18)	Fuzhou	Fuzhou	Sales		100.00	Investment
Nanjing Meiling Appliance Marketing Co., Ltd.19)	Nanjing	Nanjing	Sales		100.00	Investment



## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

TaiyuanMeilingApplianceMarketingCo.,Ltd20)	Taiyuan	Taiyuan	Sales		10000	Investment
ChangshaMeizhilaiApplianceMarketingCo.,Ltd21)	Changsha	Changsha	Sales		9700	Investment
HangzhouMeilingApplianceMarketingCo.,Ltd22)	Hangzhou	Hangzhou	Sales		10000	Investment
ChongqingMeilingApplianceMarketingCo.,Ltd23)	Chongqing	Chongqing	Sales		10000	Investment
KunmingMeilingApplianceMarketingCo.,Ltd24)	Kunming	Kunming	Sales		9750	Investment
ShanghaiMeilingApplianceMarketingCo.,Ltd25)	Shanghai	Shanghai	Sales		9900	Investment
NantongMeilingApplianceMarketingCo.,Ltd26)	Nantong	Nantong	Sales		10000	Investment
GuangzhouMeilingApplianceMarketingCo.,Ltd27)	Guangzhou	Guangzhou	Sales		9800	Investment
TianjinMeilingApplianceMarketingCo.,Ltd28)	Tianjin	Tianjin	Sales		10000	Investment
HaerbinMeilingApplianceMarketingCo.,Ltd29)	Haerbin	Haerbin	Sales		10000	Investment
BeijingMeilingApplianceMarketingCo.,Ltd30)	Beijing	Beijing	Sales		10000	Investment
HefeiMeilingNonferrousMetalProductsCo.,Ltd.31)	Hefei	Hefei	Manufactures,sales		10000	Enterprisecombinedunderthedifferentcontrol
GuangdongChanghongRidianTechnologyCo.,Ltd.32)	Zhongshan	Zhongshan	Manufactures,sales	98.855		Enterprisecombinedunderthesamecontrol
ChangmeiTechnologyCo.,Ltd.33)	Mianyang	Mianyang	Sales	96.256		Investment
CHANGHONGMEILINGELECTRICINDONESIA,PT34)	Jakarta	Jakarta	Sales		10000	Investment
ChanghongRubaTradingCompany(Private)Limited35)	Pakistan	Pakistan	Sales		6000	Investment
SichuanChanghongAirConditionerCo.,Ltd36)	Mianyang	Mianyang	Manufactures,sales	10000		Enterprisecombinedunderthesamecontrol
ZhongshanChanghongHomeAppliancesCompanyLimited37)	Zhongshan	Zhongshan	Manufactures,sales	9000	1000	Enterprisecombinedunderthesamecontrol
HefeiMeilingGroupHoldingCo.,Ltd.38)	Hefei	Hefei	Manufactures,sales	10000		Enterprisecombinedunderthedifferentcontrol
MeilingEquatorAppliance(Hefei)Co.,Ltd.39)	Hefei	Hefei	Manufactures,sales		10000	Enterprisecombinedunderthedifferentcontrol
HefeiEquatorApplianceCo.,Ltd.40)	Hefei	Hefei	Manufactures,sales		10000	Enterprisecombinedunderthedifferentcontrol
HongyuanGroundEnergyHeatPumpTechnologyCo.,Ltd41)	Mianyang	Mianyang	Manufactures,sales		5100	Investment
HongyuanGroundEnergyHeatPumpTechn	Zhong	Zhongsh	Manufactu		5100	Investment

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

ology(Zhongshan)Co.,Ltd.42)	shan	an	res,sales			
MeilingCandyWashingMachineCo.,Ltd.43)	Hefei	Hefei	Manufactures,sales	6000		Investment
GuangzhouChanghongTradingCo.,Ltd44)	Guangzhou	Guangzhou	Sales		10000	Investment
ZhongshanHonglingTradingCo.,Ltd.45)	Zhongshan	Zhongshan	Sales		10000	Investment
HebeiHongmaoHouseholdApplianceTechnologyCo.,Ltd46)	Handan	Handan	Manufactures,sales		10000	Investment

Note:

1)ZhongkeMeilingCryogenicTechnologyCompanyLimited(hereinafterreferredtoasZhongkeMeiling),thepredecessorofwhichwasZhongkeMeilingCryogenicTechnologyLimitedLiabilityCompany,wasestablishedon29October2002byjointcontributionfromtheCompanyandTechnicalInstituteofPhysicsandChemistry,CAS(“TIPC”),withregisteredcapitalofRMB60millionupontheestablishment,amongwhich,theCompanymadecapitalcontributionofRMB42million(includingtheassetsinspecieattheconsiderationofRMB35,573,719.70asevaluatedbyBeijingZhongzhengAppraisalCo.,Ltd.withissuanceoftheAppraisalReport(ZZPBZ(2002)No.029)andcashcontributionofRMB6,426,280.30)accountingfor70%oftheaforesaidregisteredcapital,andTIPCmadecapitalcontributionofRMB18millionwithintangiblesetsofsuchvalue(namelythesinglecompressormixtureindustriallowtemperaturerefrigerationtechnology)asevaluatedbyJingzhongziAssetsAppraisalCo.,Ltd.withissuanceoftheAppraisalReport(ZZPBZ(2002)No.225)accountingfor30%oftheaforesaidregisteredcapital.Thepaid-inoftheaboveregisteredcapitalhasbeenverifiedbyHuazhengAccountingFirmbyissuanceoftheAssetsVerificationReport(HZYZ(2002)No.B157)dated16October2002.

InOctober2014,accordingtotherelevantprovisionundertheManagementRulesonApplicationofStateOwnedAssetsbyCentralBusinessOrgans,TIPCtransferredthe30%equityinterestsheldbyitinZhongkeMeilingCryogenicTechnologyCompanyLimitedtoitswholly-ownedsubsidiaryZhongkeXianxing(Beijing)AssetsManagementCo.,Ltd(hereinafterreferredtoasZhongkeXianxing)whichwouldperformmanagementovertheoperatingassetsofTIPC.Uponconsiderationandapprovalatthe37<sup>th</sup>meetingofthe7<sup>th</sup>BoardofDirectorsofHefeiMeilingCo.,Ltd,itisagreedtowaivethepre-emptiveright.

On10August2015,allthefounderssignedtheFounderAgreementofZhongkeMeilingCryogenicTechnologyCompanyLimited,pursuanttowhich,theydecidedtochangethefirmtypeofZhongkeMeilingCryogenicTechnologyCompanyLimitedtoajointstockcompany.BasedonthenetassetsofRMB96,431,978.25asauditedbyXinyongZhongheCPAasof30June2015,anaggregateof65,000,000shareshavebeenconvertedattheproportionof1:0.67,whicharetobeheldbytheoriginalshareholdersaccordingtotheirrespectiveentitlement.Incasethatthenetassexceedregisteredcapital,thebalanceshallberecordedincapitalreserve.On28August2015,XinyongZhongheCPAreviewedtheregisteredcapitalandpaid-inthereofinrespectofthestockreform,andissuedAssetsVerificationReport(XYZH/2015CDA40161).TheCompanyregisteredindustrialandcommercialinformationon11Se

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

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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 Shine Wing CPA (special general partnership). After the completion of the issuance, the share capital of Zhongke Meiling Company increased to 68,150,000 shares and the Company's shareholding ratio was 66.76%.

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

2) Sichuan Hongmei Intelligent Technology Co., Ltd. (hereinafter referred to as Hongmei Intelligent) was established on Jan. 24, 2014. It is a limited company jointly invested by the Company and Mianyang Meiling Refrigeration Co., Ltd., being approved by the Industrial and Commerce Bureau of Peicheng District, Mianyang City. The company owes registered capital of RMB 5 million, including RMB 4.95 million contributed by Changhong Meiling Company in cash, accounted for 99% of the registered capital; Mianyang Meiling Refrigeration Co., Ltd. contributed RMB 50000 in cash with 1% of the register capital occupied. The above mentioned register capital have been verified by verification report of Chuanjinlai Yanzi No. [2014]B039 issued by Sichuan Jinlai Accounting Firm Co., Ltd. In July 2016, the shares of Hongmei Intelligent, held by the Company has transferred to Sichuan Changhong ACCo., Ltd., after transferred, Changhong ACCo. 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 setup by the Company and China-tech Meiling Company, was founded on Mar. 6, 2009. Its registered capital and paid-in capital was RMB 50 million upon establishment, of which, the Company invested RMB 45 million, accounting for 90% of the registered capital; Zhongke Meiling Company invested RMB 5 million, accounting for 10% of the registered capital. The capital receipt was verified by the verification report [CXXKY(2009)No.008] of Sichuan Xingrui Certified Public Accountants. On 19 January 2011, the Company increase RMB 50 million in capital of Mianyang Meiling, of which RMB 95 million invested by the Company, a 95% of total register capital while RMB 5 million invested by Zhongke Meiling, a 5% of total capital occupied. The paid-in capital has been verified by Capital Verification Report [ XYZH/2010CDA6040 ]

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

from Chengdu Branch of Shinewing CPACO., 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, then 5 percent equity was transferred to Jiangxi Meiling Electric Appliance.

4) Jiangxi Meiling Electric Appliance Co., Ltd. (hereinafter referred to as Jiangxi Meiling Electric Appliance) was a limited liability company jointly established by the Company and Mianyang Meiling on 23 May 2011. Register capital of the company totally as RMB 50 million, RMB 49.375 million invested by the Company, 98.75% in total register capital while RMB 0.625 million invested by Mianyang Meiling, a 1.25% in total register capital occupied. The initial investment RMB 10.50 million was received dated 13 May 2011 with RMB 10 million from the Company and RMB 0.5 million from Mianyang Meiling. Rest of the capital shall be invested fully within 2 years after the joint ventures established according to capital requirement. The initial investment capital were verified by the Capital Verification Report [JXKY Zi (2011) No. 090] issued from Jingdezhen Xingci CPA Co., Ltd. Second capital RMB 39.5 million was fully funded on 28 July 2011, the Company contributed RMB 39.375 million while Mianyang Meiling Company invested RMB 125,000, the contributions have been verified by the capital verification report [Jing Xing Kuai Yan Zi (2011) No.: 134] issued from JDZXingci CPA Co., Ltd.

5) Hefei Meiling Appliance 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 was RMB 10 million, including RMB 9.9 million invested by the Company, a 99% of the registered capital; Mianyang Meiling Company contributed RMB 0.1 million, a 1% of the registered capital. The above mentioned paid-up register capital have been verified by verification report of [Wan An Lian Xin Da Yan Zi (2009) No. 074] issued by Anhui An Lian Xin Da Accounting Firm Co., Ltd. On 25 Nov. 2010, the Company increased capital RMB 45 million, registered capital amounting to RMB 55 million, including RMB 54.9 million contributed by the Company, a 99.82% of the registered capital, while Mianyang Meiling invested RMB 0.1 million, a 0.18% of the registered capital. The increased capital have been verified by verification report of [Wan Hua Shen Zheng Da Kuai Yan Zi (2010) No. 1514] issued by Anhui Hua Shen Zheng da CPA Co., Ltd.

6) Guangxi Huidian Home Appliance Co., Ltd. (hereinafter referred to as Guangxi Huidian) established in March 2010 with registered capital of RMB 5 million. The Company invested RMB 1 million, accounted for 20% of the registered capital; Meiling Marketing acquired 44% equity interests from the minority shareholders in 2014. In 2015, Meiling Marketing and Jiangxi Meiling Appliances entered into equity transfer agreements with minority shareholders respectively, to acquire as the transferee the 35.6% and 0.4% equity interests of Guangxi Weidian held by minority shareholders. Upon completion of equity transfer in April 2015, Meiling Marketing and Jiangxi Meiling Appliances held the entire equity interests of Guangxi Huidian as a whole.

7) Wuhu Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Wuhu Meiling) was established dated

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

24 December 2010 with registered capital of RMB 6 million; the Company invested RMB 2.16 million, accounted for 36% of the registered capital. After Meiling Marketing acquired 65% equity interests from the minority shareholders in 2014, Meiling Marketing the Company totally holds 98% equity of the Wuhu Meiling;

8) Changchun Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Changchun Meiling) was established dated 22 December 2010 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.91 million, accounted for 97% of the registered capital; in 2017, after acquiring 3% equity from the minority, Meiling Marketing holds 100% equity of Changchun Meiling in total.

9) Jinan Xiangyou Appliance Marketing Co., Ltd. (hereinafter referred to as Jinan Xiangyou) was established dated 3 June 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.08 million, accounted for 36% of the registered capital; after Meiling Marketing acquired 55.4% equity interests from the minority shareholders in 2015, Meiling Marketing totally holds 91.4% equity of the Jinan Xiangyou.

10) Nanchang Xiangyou Appliance Marketing Co., Ltd. (hereinafter referred to as Nanchang Xiangyou) was established dated 5 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.08 million, accounted for 36% of the registered capital. After acquiring 49% equity interests from the minority shareholder in 2014, Meiling Marketing totally holds 85% equity of Nanchang Xiangyou.

11) Jingzhou Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Jingzhou Meiling) was established dated 10 January 2011 with registered capital of RMB 4 million; Meiling Marketing invested RMB 2.4 million, accounted for 60% of the registered capital. In 2013, the Company purchased 20% equity from minority; After Meiling Marketing acquired 1% equity interests from the minority shareholders in 2014, Meiling Marketing acquired 15% equity interests from the minority shareholders in 2016, Meiling Marketing totally holds 96% equity of Jingzhou Meiling.

12) Shengyang Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Shengyang Meiling) was established dated 26 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.844 million, accounted for 94.8% of the registered capital. After Meiling Marketing acquired 5.2% equity interests from the minority shareholders in 2016, Meiling Marketing totally holds 100% equity of Shengyang Meiling.

13) Wuhan Meizirong Appliance Marketing Co., Ltd. (hereinafter referred to as Wuhan Meizirong) was established dated 10 January 2011 with registered capital of RMB 5 million; Meiling Marketing invested RMB 4.55 million, accounted for 91% of the registered capital.

14) Zhengzhou Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Zhengzhou Meiling) was established dated 17 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.08 million, accounted for 36% of the registered capital. In 2013, Meiling Marketing purchased 10% equity from minority; Meiling Marketing signed equity transfer agreement with the minority shareholders in April 2015, to acquire the

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

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etransfereethe39%equityinterestsofZhengzhouMeilingheldbyminorityshareholders,MeilingMarketingacquired10%equityinterestsfromtheminorityshareholdersinFebruary2016;andafteracquiring5%equityfromminorityin2017,MeilingMarketingtotallyholds100%equityofZhengzhouMeiling.

15)ShijiazhuangMeilingApplianceMarketingCo.,Ltd.(hereinafterreferredtoasShijiazhuangMeiling)wasestablisheddated14January2011withregisteredcapitalofRMB3million;MeilingMarketinginvestedRMB1.08million,accountedfor36%oftheregisteredcapital;AfterMeilingMarketingacquired27.33%equityheldbytheminorityin2014,holding63.33%equityoftheShijiazhuangMeiling;Afteracquired32%equityheldbytheminorityin2015andacquiring4.67%equityfromminorityin2017,MeilingMarketingtotallyholds100%equityofShijiazhuangMeiling.

16)ChengduMeilingApplianceMarketingCo.,Ltd.(hereinafterreferredtoasChengduMeiling)wasestablisheddated26January2011withregisteredcapitalofRMB5million;MeilingMarketinginvestedRMB4.17million,accountedfor83.4%oftheregisteredcapital;AfterMeilingMarketingpurchased9%equityfromminorityin2015,purchased0.8%equityfromminorityin2016,andpurchased1.2%equityfromminorityin2018,MeilingMarketingtotallyholds96%equityofChengduMeiling.

17)GuiyangMeilingApplianceMarketingCo.,Ltd.(hereinafterreferredtoasGuiyangMeiling)wasestablisheddated24January2011withregisteredcapitalofRMB3million;MeilingMarketinginvestedRMB0.78million,accountedfor26%oftheregisteredcapital;afterMeilingMarketingpurchased18%equityfromminorityin2013,MeilingMarketingpurchased42%equityfromminorityin2015,MeilingMarketingpurchased14%equityfromminorityin2016,MeilingMarketingheldinaggregatethe100%equityinterestsofGuiyangMeiling.

18)FuzhouMeilingApplianceMarketingCo.,Ltd.(hereinafterreferredtoasFuzhouMeiling)wasestablisheddated25January2011withregisteredcapitalofRMB3million;MeilingMarketinginvestedRMB2.97million,accountedfor99%oftheregisteredcapital;in2017,afteracquiring1%equityfromtheminority,MeilingMarketingholds100%equityofFuzhouMeilingintotal.

19)NanjingMeilingApplianceMarketingCo.,Ltd.(hereinafterreferredtoasNanjingMeiling)wasestablisheddated14Feb.2011withregisteredcapitalofRMB3million;MeilingMarketinginvestedRMB2.97million,accountedfor99%oftheregisteredcapital;in2017,afteracquiring1%equityfromtheminority,MeilingMarketingholds100%equityofNanjingMeilingintotal.

20)TaiyuanMeilingApplianceMarketingCo.,Ltd.(hereinafterreferredtoasTaiyuanMeiling)wasestablisheddated18January2011withregisteredcapitalofRMB4million;MeilingMarketinginvestedRMB1.59million,accountedfor39.75%oftheregisteredcapital;afterMeilingMarketingpurchased45.5%equityfromminorityin2013,afterpurchased14.75%equityfromminorityin2016,MeilingMarketingtotallyholds100%equityoftheTaiyuanMeiling.

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

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21) Changsha Meizhilai Appliance Marketing Co., Ltd. (hereinafter referred to as Changsha Meiling) was established dated 26 January 2011 with registered capital of RMB 5 million; Meiling Marketing invested RMB 1.8 million, accounted for 36% of the registered capital; the Company entered into equity transferred agreement with minority shareholders in 2014, transferred 50% equity of Changsha Meiling held by the minority, after purchased 11% equity from minority in 2016, Meiling Marketing totally holds 97% equity of Changsha Meizhilai.

22) Hangzhou Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Hangzhou Meiling) was established dated 17 Feb. 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.655 million, accounted for 88.5% of the registered capital; Meiling Marketing signed equity transfer agreement with the minority shareholders in 2015, to acquire as the transferee the 6.5% equity interests of Hangzhou Meiling held by minority shareholders. Upon completion of such equity transfer in February 2015, Meiling Marketing held in aggregate the 95% equity interests of Hangzhou Meiling; in 2017, after acquiring 5% equity from the minority, Meiling Marketing holds 100% equity of Hangzhou Meiling in total.

23) Chongqing Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Chongqing Meiling) was established dated 1 March 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.55 million, accounted for 85% of the registered capital; After Meiling Marketing purchased 13% equity from minority in 2015 and 2% equity in 2017, Meiling Marketing totally holds 100% equity of Chongqing Meiling.

24) Kunming Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Kunming Meiling) was established dated 28 Feb. 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.395 million, accounted for 46.5% of the registered capital; after Meiling Marketing purchased 40% equity from minority in 2013, and 9% equity in 2016 as well as 2% equity in 2017, Meiling Marketing totally holds 97.5% equity of the Kunming Meiling.

25) Shanghai Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Shanghai Meiling) was established dated 9 March 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.97 million, accounted for 99% of the registered capital.

26) Nantong Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Nantong Meiling) was established dated 8 March 2011 with registered capital of 3 million Yuan; Meiling Marketing invested 1.74 million Yuan, accounted for 58% of the registered capital; In 2013, after Meiling Marketing purchased 34% equity from minority, after acquiring 8% from minority by Meiling Marketing, 100% equity of the Nantong Meiling in total are held by Meiling Marketing.

27) Guangzhou Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Guangzhou Meiling) was established dated 13 May 2011 with registered capital of 5 million Yuan; Meiling Marketing invested 4.3 million Yuan, accounted for 86% of the registered capital; after Meiling Marketing acquired 12% equity interests from the minority

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

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ysubscribersin2014,MeilingMarketingtotallyheldthe98%equityinterestsofGuangzhouMeiling.

28)TianjinMeilingApplianceMarketingCo.,Ltd.(hereinafterreferredtoasTianjinMeiling)wasestablisheddated2March2011withregisteredcapitalof3millionYuan;MeilingMarketinginvested2.565millionYuan,accountedfor85.5%oftheregisteredcapital;In2015,MeilingMarketingandJiangxiMeilingAppliancesenteredintoequitytransferagreementswithminorityshareholdersrespectively,toacquireasthetransfereesthe14.1%and0.4%equityinterestsofGuangxiWeidianheldbyminorityshareholders.UponcompletionofequitytransferinDecember2015,MeilingMarketingtotallyheldtheentireequityinterestsofTianjinMeiling.

29)HaerbinMeilingApplianceMarketingCo.,Ltd.(hereinafterreferredtoasHarbinMeiling)wasestablisheddated6April2011withregisteredcapitalofRMB3million;MeilingMarketinginvestedRMB1.08million,accountedfor36%oftheregisteredcapital;MeilingMarketingacquired41.5%equityinterestsfromtheminorityshareholdersin2014,MeilingMarketingacquired17.5%equityinterestsfromtheminorityshareholdersin2015,MeilingMarketingtotallyheldthe95%equityinterestsofHarbinMeiling;in2017,afteracquiring5%equityfromtheminorityshareholders,MeilingMarketingholds100%equityoftheHarbinMeilingintotal.

30)BeijingMeilingApplianceMarketingCo.,Ltd.(hereinafterreferredtoasBeijingMeiling)wasestablisheddated28March2011withregisteredcapitalof3millionYuan;MeilingMarketinginvested2.97millionYuan,accountedfor99%oftheregisteredcapital;in2017,afteracquiring1%equityfromtheminorityshareholders,MeilingMarketingholds100%equityoftheBeijingMeilingintotal.

31)HefeiMeilingNonferrousMetalProductsCo.,Ltd.(hereinafterreferredtoasNonferrousMetal)wastheSino-foreignjointventurejointlysetupbyoriginalMeilingGroup,HefeiMeilingCopperCo.,Ltd.AndSingaporeKimShinDevelopmentCo.,Ltd.,whichhavebeenoriginallyapprovedbythe[WJMWFZZ(1996)No.349]ofForeignTradeandEconomicCommitteeofAnhuiProvince.ItsregisteredcapitalwasUS\$2.92millionuponestablishment,ofwhich,originalMeilingGroupinvestedUS\$1.46million(monetarycapital),accounting50%oftheregisteredcapital,HefeiMeilingCopperCo.,LtdinvestedUS\$0.584million(monetarycapitalofRMB0.18millionandrealassetsofUS\$0.404million),accounting20%ofregisteredcapitalwhileSingaporeKimShinDevelopmentCo.,LtdinvestedUS\$0.876million(monetarycapital),accounting30%oftheregisteredcapital.Theabovementionedinvestmentverifiedbytheverificationreportof[HSWZ(1995)No.0737],[HSWZ(1996)No.328]and[HSWZ(1998)No.088]fromAnhuiCPAsCo.,Ltd.InJuly2008,approvedby[HWS(2008)No.53]fromForeignTradeEconomicCooperationBureauofHefeiCity,30%equityand20%equityheldbySingaporeKimShinDevelopmentCo.,LtdandHefeiMeilingCopperCo.,LtdrespectivelytransferredtooriginalMeilingGroupTotally.TheCompany'sregistercapitalcameintoRMB24,286,808.00aftertransference,andwasnotthejoint-ventureanymore.

32)GuangdongChanghongRidianTechnologyCo.,Ltd.(hereinafterreferredtoasChanghongRidian)isalimitedliabilitycompanyinvestedandestablishedbySichuanChanghongElectricCo.,Ltd.(hereinafterreferredtoasSichuanChanghong)andSichuanChanghongMotorTransportCo.,Ltd.(hereinafterreferredtoasChanghongM



## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

otorTransportCompany)onMay25,2016.Theregisteredcapitalandpaid-incapitalareRMB40millionYuan,of whichSichuanChanghonghasinvested32millionYuanbymonetarycapital,accountingfor80%oftheregistere dcapital;ChanghongMotorTransportCompanyhasinvested8millionYuan,accountingfor20%oftheregistere dcapital.TheofficialreceiptsofregisteredcapitalhavebeenverifiedbyoriginalSichuanJunheAccountingFirm[ No.JHYZ(2006)3027].ChanghongRidianincreasedregisteredcapitalof43millionYuanonJanuary4,2007,changingfrom40millionYuanto83millionYuan,forthenewlyincreased43millionYuan,SichuanChanghonginvested1.8millionYuan,GuangdongXiongfengElectricCo.,Ltd.invested40millionYuan,andKouHuamengand other9naturalpersonshareholdersinvested1.2millionYuan,atthesametime,theshareholders'meetingconsideredandagreedtotransfertheinvestmentof8millionYuanofChanghongMotorTransportCompanytoSichuanChanghongInnovationInvestmentCo.,Ltd.,thestructureoftheregisteredcapitalafterchangeswasthatSichuanChanghonginvested33.8millionYuan,accountingfor40.72% ; GuangdongXiongfengElectricCo.,Ltd.invested40millionYuan,accountingfor48.19% ;SichuanChanghong InnovationInvestmentCo.,Ltd.Invested8millionYuan,accountingfor9.64% ;KouHuamengandother9natural personshareholdersinvested1.2millionYuan,accountingfor1.45%.ThechangeofregisteredcapitalwasverifiedbyZhongshanPromiseAccountingFirm[No.ZCHZ(2007)501010].

OnFebruary18,2009,sevensnaturalpersonshareholderstransferredtotal0.76%stockrightstoHuZhiheng,after thetransfer,theregisteredcapitalofChanghongRidianwasstill83millionYuan,thestructureofregisteredcapital afterchangeswasthatSichuanChanghonginvested33.8millionYuan,accountingfor40.72% ;GuangdongXiongfengElectricCo.,Ltd.invested40millionYuan,accountingfor48.19% ;SichuanChanghongInnovationInvestmentCo.,Ltd.invested8millionYuan,accountingfor9.64% ;HuZhihengandothertwonaturalpersonshareholdersinvested1.2millionYuan,accountingfor1.45%.

OnOctober9,2014,ChanghongRidianheldtheshareholdersmeetingwhichconsideredandagreedKouHuamengtotransferitsstockrightsoftotal250,000Yuanwhichaccountsfor0.301%oftheChanghongRidian'sregistered capitaltoSichuanChanghongInnovationInvestmentCo.,Ltd.atthecostof317,802Yuan.TheothersshareholdersoftheChanghongRidianwaivedtherightofpre-emption.OnDecember11,2014,ChanghongRidianheldtheshareholdersmeetingwhichconsideredandagreedGuangdongXiongfengElectricCo.,Ltd.totransferitsstockrightsoftotal40millionYuanwhichaccountsfor48.19%ofthecompany'sregisteredcapitaltoSichuanChanghongElectricCo.,Ltd.atthecostof43,977,300Yuan.TheothersshareholdersoftheChanghongRidianwaivedtherightofpre-emption.ThestructureofregisteredcapitalafterchangeswasthatSichuanChanghonginvested73.8millionYuan,accountingfor88.92% ;SichuanChanghongInnovationInvestmentCo.,Ltd.Invested8.25millionYuan,accountingfor9.94% ;HuZhihengandanothernaturalpersonshareholderinvested950,000Yuan,accountingfor1.14%.

On4January2016,SichuanChanghongandSichuanChanghongInnovationInvestmentCo.,Ltd.transferredtotal98.855%equityoftheChanghongRidiantotheCompany.Afterthetransfer,theCompanydirectlyholds98.855%stockrightsofChanghongRidian.

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

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33) Changmei Technology Co., Ltd. (hereinafter referred to as Changmei Technology) was invested and set up on May 12, 2016 in order to promote intelligent transformation and implement the company's intelligent life project according to the company's strategic planning and business development needs. Changmei Technology has registered capital of 50 million Yuan, of which the Company subscribed and paid 45 million Yuan in cash, accounting for 90% of the registered capital, and Changmei Management Group teams subscribed and paid 5 million Yuan in cash, accounting for 10% of the registered capital. According to the resolution of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> shareholders meeting of 2017 under the name of Changmei Technology, and the 4<sup>th</sup> session of 1<sup>st</sup> BOD, after acquiring part of the minority shares, the Company holds 95% equity of the Changmei Technology in total. The Company increased capital of 15.704 million Yuan for Changmei Technology in 2018, and after capital increased, share-holding ratio turns to 96.256%.

34) CHANGHONGMEILINGELECTRICINDONESIA, PT. (hereinafter referred to as Indonesia Changhong for short) 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, rest of the 2.94 million US dollars are subscribed by Zhongshan Changhong in line with the agreement.

35) Changhong Ruba Trading Company (Private) Limited (hereinafter referred to as Changhong Ruba) was a joint venture established by Zhongshan Changhong Appliances Company Limited and RUBA GENERAL TRADING FZE Company ("RUBA") on 5 August 2011 with the approval from Guangdong Development and Reform Commission by issuance of the Approval Relating to Joint Construction of a Manufacturing and Selling Platform Project in Pakistan by Zhongshan Changhong Appliances Company Limited (YFGWZ(2011)958). The resolution of the second extraordinary shareholders' meeting of Zhongshan Changhong in 2016 passed the "Proposal on the Company's Capital Increase to Changhong Ruba Trading Company (Private) Limited", and agreed that the company and UAERUBA 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 UAERUBA 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%, UAERUBA Company invested 4.96 million US dollars in cash, and shareholding ratio was 40%.

36) Sichuan Changhong Air Conditioner Co., Ltd. (hereinafter referred to as Changhong Air Conditioner), a limited liability company jointly set up by Sichuan Changhong and Changhong Chuangtou, was founded on November 28, 2008. Its registered capital was RMB 200 million upon establishment, of which, Sichuan Changhong invested RMB 298 million (RMB 210,088,900 invested by monetary capital while RMB 87,911,100 invested by real material), equivalent to RMB 198 million shares, accounting for 99% of the registered capital; and Changhong Chuangtou invested RMB 3 million, accounting for 1% of the registered capital with the equivalent of RMB 2 million shares.

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

The registered capital receipt was verified by the verification report [CGYYZ(2008)No.177] of Sichuan Guangyuan Certified Public Accountants Co., Ltd. and [HLTHYZ(2008)No.12-006] of Sichuan Henglitai Certified Public Accountants Co., Ltd. In December 2009, the Company obtained 100% equity of Changhong Air-conditioner by consolidated under the same control. In 2017, the Company increased capital of 650 million Yuan to Changhong Air Conditioner, after capital increased, registered capital of Sichuan Changhong comes to 850 million Yuan from 200 million Yuan, shareholding still counted as 100%.

37) Zhongshan Changhong Home Appliances Company Limited (hereinafter referred to as Zhongshan Changhong), was the original Guangdong Changhong Electric Co., Ltd., and a limited liability company jointly set up by Sichuan Changhong and China Minmetals on May 22, 2001. Its registered capital was RMB 80 million upon establishment, of which, Sichuan Changhong invested RMB 72 million, including RMB 69.3 million bidding for the estate/non-estate from original Zhongshan Sanrong Air-conditioner Co., Ltd. And its patent use-right of RMB 2.7 million, accounting for 90% of the registered capital; China Minmetals invested RMB 8 million in monetary capital accounting 10% of the registered capital. The Company changed its name originally from Guangdong Changhong Electric Co., Ltd. in July 2003. In December 2009, the Company obtained 90% equity of Zhongshan Changhong by consolidated under same control. 10% equity held by China Minmetals has been transferred by Changhong Air-conditioner on April 11, 2010. On 25 May 2014, the Company increased RMB 36 million to Zhongshan Changhong, and Changhong AC increased RMB 4 million. In 2016, according to the overseas development strategy of the Company and the development and operation needs of the subsidiaries, the Company and the wholly-owned subsidiary Changhong Air Conditioning have increased capital of RMB 64 million Yuan to Zhongshan Changhong according to the existing shareholding ratio, among which the capital increase of the Company was RMB 57.6 million Yuan, and the capital increase of Changhong Air Conditioning was RMB 6.4 million Yuan. After the completion of this capital increase, the registered capital Zhongshan Changhong shall increase to RMB 184 million Yuan, the shareholding ratio of the company and Changhong Air Conditioning remained unchanged and was still 90% and 10%, of which the Company invested 165.6 million Yuan, accounting for 90% of the registered capital, Changhong Air Conditioning invested 18.4 million Yuan, accounting for 10% of the registered capital.

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

39) Meiling Equator Appliance (Hefei) Co., Ltd. (hereinafter referred to as Equator Appliance) was the Sino-foreign joint venture jointly set up by original Meiling Group and EQUATOR INVESTMENTS (USA) INC. (EQUATOR for short)

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

rt), 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 RMB24,793,200 after transference, and was not the joint-venture anymore. 25% equity owned by Anhui Meiling Electric Co., Ltd has been transferred totally to original Meiling Group in July 2009.

40) 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 RMB12 million, among which, original Meiling Group invested 8,670,600 Yuan in monetary capital, accounting 72.255% in registered capital; Equator Appliance invested 3,329,400 Yuan in the assessment value of intangible assets (land-user right), accounting 27.745% of total registered capital. The investment being verified by [WYAZ(2004)No.135] from Anhui Yongan CPAs Co., Ltd.

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

42) Hongyuan Ground Energy Heat Pump Technology (Zhongshan) Co., Ltd. was established and invested on 18 July 2017 with registered capital of 15 million Yuan, The Hongyuan Ground Energy Heat Pump Technology Co., Ltd. (hereinafter referred to as Hongyuan Ground Energy) contributed 1.5 million Yuan with own funds and takes 100% in the registered capital.

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

44) Zhongshan Changhong Trading Co., Ltd. (hereinafter referred to as Changhong Trading) was established on 6 January 2017, it is the wholly-owned subsidiary of Zhongshan Changhong Home Appliances Company Limited (hereinafter referred to as Zhongshan Changhong) with registered capital of one hundred million Yuan.

45) Zhongshan Hongling Trading Co., Ltd. (hereinafter referred to as Hongling Trading) was established on 5 Dec

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

ember2016withregisteredcapitalofonehundredmillionYuan.TheGuangdongChanghongRidianTechnology Co.,Ltd.contributedonehundredmillionYuanwithownfundsandtakes100%intheregisteredcapital.

46)HebeiHongmaoHouseholdApplianceTechnologyCo.,Ltd(hereinafterreferredtoasHebeiHongmao)was establishedon21July2017withregisteredcapitalof5millionYuan.GuangdongChanghongRidianTechnology Co.,Ltd.invested5millionYuanbyownfundandtakes100%inregisteredcapital.

### (2)Major non-wholly-owned subsidiary

Subsidiary	Shareholding of minority	Gains/losses attributable to minority in the period	Dividend distributed to minority announced in the period	Balance of minority's interest at period-end
Meiling Candy	40.00%	-515,404.28		38,649,775.60
Changmei Tech.	3.744%	-296,428.63		839,691.04
Zhongke Meiling	33.13%	1,918,252.41	1,364,418.00	42,291,037.23
Hongyuan Ground Energy	49.00%	-1,064,940.04		21,638,547.58
Changhong Ridian	1.14%	88,411.26		1,469,280.27

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

Subsidiary	Ending balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Meiling Candy	205,856,935.87	620,484.27	206,477,420.14	109,852,981.13		109,852,981.13
Changmei Tech.	19,403,353.19	10,617,366.34	30,020,719.53	7,260,682.95	332,391.35	7,593,074.30
Zhongke Meiling	133,447,622.70	134,020,725.10	267,468,347.80	134,325,384.65	5,489,876.67	139,815,261.32
Hongyuan Ground Energy	342,297,607.26	37,773,951.54	380,071,558.80	332,281,084.48	3,630,173.13	335,911,257.61
Changhong Ridian	257,377,122.43	58,455,588.70	315,832,711.13	187,464,013.80		187,464,013.80

(Continued)

Subsidiary	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Meiling Candy	186,327,159.16	595,603.59	186,922,762.75	114,009,813.05		114,009,813.05
Changmei Tech.	14,227,901.53	7,276,673.50	21,504,575.03	7,839,977.68	446,504.35	8,286,482.03
Zhongke Meiling	137,621,171.43	129,960,368.99	267,581,540.42	136,808,504.89	4,791,666.67	141,600,171.56
Hongyuan Ground Energy	153,447,662.99	20,035,926.82	173,483,589.81	153,196,254.08	3,953,687.53	157,149,941.61
Changhong Ridian	258,631,530.72	58,759,575.56	317,391,106.28	196,746,760.43		196,746,760.43

(Continued)

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Subsidiary	CurrentPeriod			
	Operationincome	Netprofit	Totalcomprehensiveincome	Cashflowfromoperatio nactivity
MeilingCandy	220,332,390.00	-1,288,510.69	-1,288,510.69	-31,571,697.09
ChangmeiTec h.	12,649,299.45	-6,659,447.77	-6,659,447.77	-10,788,285.42
ZhongkeMeiling	82,033,715.77	5,790,135.62	5,790,135.62	8,535,856.15
HongyuanGround Energy	237,936,886.52	-2,173,347.01	-2,173,347.01	33,553,754.40
ChanghongRi dian	254,072,080.05	7,724,351.48	7,724,351.48	2,852,509.78

(Continued)

Subsidiary	LastPeriod			
	Operationincome	Netprofit	Totalcomprehensiveincome	Cashflowfromoperatio nactivity
MeilingCandy	24,592,916.36	-93,403.05	-93,403.05	309,458.60
ChangmeiTec h.	9,131,880.78	-4,858,959.95	-4,858,959.95	-6,924,630.14
ZhongkeMeiling	60,567,937.18	2,968,339.70	2,968,339.70	36,565,279.44
HongyuanGround Energy	266,905,097.64	4,841,638.97	4,841,638.97	-9,120,688.64
ChanghongRi dian	208,290,529.53	4,057,326.42	4,057,326.42	-5,939,023.08

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

(5) Offering financial supporting or others supports for structured entity that included in consolidation statements scope: Nil

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### 2.Changesofowner’equitysharesinsubsidiaryanditsimpacts

Item	ChangmeiTech.	Chengdu Meiling	Total
Originalratioofsharesheld	95.00%	94.80%	
Equitypurchasedfromminority	1.256%	1.20%	
Shareissuance			
Ratioofsharesheldatperiod-end	96.256%	96.00%	
Costofpurchasingminorityequity		1.00	1.00
Less:Ratioofthenetassetsmeasuredbyequityratiowhileacquiringthesubsidiary	-310,040.75	-108,078.69	-418,119.44
Equitydilutionforsharesissuance			
Balance	310,040.75	108,079.69	418,120.44
Including: Capitalpublicreserveadjusted	-310,040.75	-108,079.69	-418,120.44

In2018,theCompanyincreasedcapitaltoChangmeiTechnologyCo.,Ltd.,thedifferencebetweenthe newacquiredlong-termequityinvestmentandshareofthesubsidiary’snetassetswhicharecalculatedonacontinuousbasis sincetheacquisitiondatebasedontheincreasedshareholdingproportionisRMB-310,040.75,whichisaccountedascapitalreserve.

In2018,theCompanyacquiredminoritysharesfromChengduMeilingApplianceMarketingCompany,thedifferencebetweenthe newacquiredlong-termequityinvestmentandshareofthesubsidiary’snetassetswhicharecalculatedonacontinuousbasis sincetheacquisitiondatebasedontheincreasedshareholdingproportionisRMB-108,079.69,whichisaccountedascapitalreserve.

### 3.Equityinjointventureoraffiliatedenterprise

#### (1)Majorjointventureoraffiliatedenterprise

Jointventureoraffiliatedenterprise	Mainoffice place	Registe rplace	Businessnature	Shareholding(%)		Accountingtreatm entforinvestmentof jointventureoraff iliatedenterprise
				Direct ly	Indirectly	
<b>Affiliatedenterprise:</b>						
1.ChanghongRubaElectricCompany (Private)Ltd.	Lahore,Pakistan	Lahore	Manufactures, sales		40.00	Equity
2.HefeiXingmeiAssetsManagementCo.,Ltd.	Hefei	Hefei	Rental,agency	48.28		Equity
3.SichuanZhiyijiaNetworkTechnologyCo.,Ltd.	Mianyang	Mianyang	Sales	30.00		Equity
4.HongyuanGroundEnergyHeatTechnology Co.,Ltd.	Mianyang	Mianyang	R&D,sales,after-sales		49.00	Equity
5.SichuanTianyouGuiguTechnologyCo.,Ltd.	Mianyang	Mianyang	Manufactures, sales		25.00	Equity
6.ChengduTianyouGuiguEnvironmentalTech.Co.,Ltd.	Chengdu	Chengdu	R&D,manufacturingandsales		25.00	Equity

#### (2)FinancialinformationformajorJointventure:Nil

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### (3) Financial information for affiliated enterprise

Item	Ending balance/Current Period					
	Changhong Ru ba Electric Com pany (Private) L td.	Hefei Xingmei Assets Manag ement Co., Ltd	Sichuan Zhiyijia Network Technol ogy Co., Ltd.	Hongyuan Gr ound Energy Heat Technol ogy Co., Ltd.	Sichuan Tian you Guigu Tec hnology Co., L td.	Chengdu Guig u environmental Tech. Co., Ltd.
Current assets:	124,812,704.80	3,110,136.38	1,594,326,383.90	56,970,406.63	21,396,160.79	18,946,149.76
Including: cash and cash equivalent	1,308,726.16	2,938,485.94	564,982,972.07	1,825,752.62	16,116,070.17	1,157,615.40
Non-current assets	69,373,633.28	18,508,462.20	12,216,667.26	18,460,081.30	20,043,027.22	14,620,653.64
Total assets	194,186,338.08	21,618,598.58	1,606,543,051.16	75,430,487.93	41,439,188.01	33,566,803.40
Current liability	136,668,898.79	1,239,810.48	1,544,432,249.98	31,133,791.26	10,438,122.92	6,129,595.97
Non-current liability			800,000.00			
Total liabilities	136,668,898.79	1,239,810.48	1,545,232,249.98	31,133,791.26	10,438,122.92	6,129,595.97
Minority's interest				86,170.00		
Equity attributable to shareholders of parent company	57,517,439.28	20,378,788.10	61,310,801.18	44,210,526.67	31,001,065.09	27,437,207.43
Share of net assets measured by shareholding	24,807,965.12	9,838,878.89	18,393,240.34	21,663,158.07	7,750,266.27	6,859,301.86
Adjustment item						
-- Goodwill						3,887,027.34
Unrealized profit of the internal downstream transactions	5,621,040.06		13,211,880.95	1,861,517.09	5,180.64	38,495.79
Unrealized profit of the internal upstream transactions						
Other						
Book value of the equity investment for affiliate	19,186,925.06	9,838,878.89	5,181,359.39	19,801,640.98	7,745,085.63	10,707,833.41
Fair value of equity investment for the affiliate with consideration publicly						
Operation income	108,486,469.02	13,454.00	2,102,672,512.79	55,129.17	68,743.85	8,860,955.70
Financial expenses	148,651.36	-4,326.72	-2,422,144.65	94,543.32	-243,473.35	-61,892.19
Income tax expenses			2,263,914.85	-13,602.01		



## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Netprofit	-14,531,567.08	-1,777,347.04	9,824,418.85	-2,441,068.96	-2,816,097.00	-3,492,639.55
Netprofitofdiscontinuingoperation						
Othercomprehensiveincome	-5,900,632.03					
Totalcomprehensiveincome	-20,432,199.11	-1,777,347.04	9,824,418.85	-2,441,068.96	-2,816,097.00	-3,492,639.55
Dividendreceivedfromaffiliatesintheperiod						

(Continued)

Item	Openingbalance/LastPeriod					
	ChanghongRubaElectricCompany(Private)Ltd.	HefeiXingmeiAssetsManagementCo.,Ltd.	SichuanZhiyijiaNetworkTechnologyCo.,Ltd.	HongyuanGro undEnergyHeatTechnologyCo.,Ltd.	SichuanTianyouGuiguTechnologyCo.,Ltd.	ChengduGuigu environmentalTech.Co.,Ltd.
Currentassets:	101,602,298.41	3,458,484.59	2,008,498,235.31	60,968,256.51	21,724,066.16	21,783,093.01
Including:cashandcashequivalent	1,684,706.95	3,286,834.15	1,060,479,965.90	371,164.93	16,267,337.47	10,662,530.54
Non-currentassets	78,294,101.64	19,165,528.20	12,785,020.28	22,196,510.71	22,653,214.86	14,763,246.75
Totalassets	179,896,400.05	22,624,012.79	2,021,283,255.59	83,164,767.22	44,377,281.02	36,546,339.76
Currentliability	101,946,761.66	467,877.65	1,968,696,873.26	36,418,439.29	10,560,118.93	5,616,492.78
Mom-currentliability			1,100,000.00			
Totalliabilities	101,946,761.66	467,877.65	1,969,796,873.26	36,418,439.29	10,560,118.93	5,616,492.78
Minority's interest				94,732.30		
Equityattributableto shareholders ofparentcompany	77,949,638.39	22,156,135.14	51,486,382.33	46,651,595.63	33,817,162.09	30,929,846.98
Shareofnetassetsmeasuredbyshareholding	32,980,844.78	10,696,982.04	15,445,914.69	22,859,281.86	8,454,290.52	7,732,461.75
Adjustmenttime						
--Goodwill						3,887,027.34
Unrealizedprofitoftheinternaldownstreamtransactions	5,088,527.78		4,750,343.71	1,714,308.77	5,425.01	1,843.72
Unrealizedprofitoftheinternalupstreamtransactions	38,317.94					
Other						
Bookvalueoftheequityinvestmentforaffiliate	27,930,634.94	10,696,982.04	10,695,570.98	21,144,973.09	8,448,865.51	11,617,645.36
Fairvalueofequityinvestmentfortheaffiliateswithconsiderationpublicly						
Operationincome	130,908,878.06	74,174.75	1,824,770,956.91	24,702,679.10	513,414.56	2,635,882.58
Financialexpenses	191,224.13	-5,430.52	-11,144,192.28	69,906.80	-310,264.28	-76,340.87
Incometaxexpenses			7,230,229.39			
Netprofit	-632,619.48	-1,061,727.97	12,060,219.73	-71,775.81	-304,136.00	-3,422,217.75
Netprofitofdiscontinuingoperation						

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Other comprehensive income	-2,304,791.05					
Total comprehensive income	-2,937,410.53	-1,061,727.97	12,060,219.73	-71,775.81	-304,136.00	-3,422,217.75
Dividend received from affiliates in the period						

### (4) Financial summary for non-important joint venture and affiliate enterprise

Item	Ending balance/Current Period	Opening balance/Last Period
<b>Affiliate:</b>		
Total book value of investment		
Total amount measured by shareholding ratio		
--net profit	<b>-305,913.15</b>	<b>-4,967,426.56</b>
--Other comprehensive income		
--Total comprehensive income	<b>-305,913.15</b>	<b>-4,967,426.56</b>

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

(6) Excess loss occurred in joint venture or affiliates: Nil

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

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

4. Major conduct joint operation: Nil

5. Structured body excluding in consolidated financial statement: Nil

### IX. Relevant risks related with financial instrument

The major financial instruments of the Company include borrowings, account receivables, account payables, transactional financial assets, transactional financial liabilities, 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 exposure to ensure the above risks are under control.

In connection with the exchange risks, in order to prevent from exchange risks arising from foreign currency transaction amount, foreign currency dominated loans and interest expenditure, the Company entered into several forward exchange contracts with banks. Fair value of the forward exchange contract which has been recognized as derivative financial instrument has been included in profits and losses. As export business is increasing, if risks that are out of control of the Company occurs such as appreciation of RMB, the Company will mitigate the relevant risks by adjusting its sales policy.

The Company's interest rate risk arises from bank borrowings and interest-bearing debt. Financial liabilities at floating rate expose the Company to cash flow interest rate risk, and financial liabilities at fixed rate expose the Company to fair value interest rate risk. The Company will determine the respective proportion of contracts at fixed and floating rates based on the prevailing market conditions. As of 30 June 2018, the interest-bearing debts mainly refer to borrowing contracts at floating rate denominated in RMB with total amount of 1,479,396,140.38 Yuan, the floating rate loan contract measured by RMB amounted as 11,720,000.00 Yuan in total; borrowing contracts at fixed rate denominated in USD with total amount of 487,312,590.00 Yuan. Risks relating to change of fair value of financial instruments arising from movement of interest rate mainly related to bank borrowings at fixed rate. As for borro

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

wings at fixed rate, the Company aims to keep its floating rate. Risks relating to change of cash flow of financial instruments arising from movement of interest rate mainly related to bank borrowings at floating rate. The Company establishes its policy to keep floating rate for these borrowings so as to eliminate fair value risk arising from movement of interest rate.

### X. Fair value disclosure

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

Item	Fair value at period-end			
	1 <sup>st</sup> level	2 <sup>nd</sup> level	3 <sup>rd</sup> level	Total
Financial assets measured by fair value and with variation reckoned into current gains/losses				
1. Transactional financial assets				
(1) Derivative financial assets		25,071,423.11		25,071,423.11
Financial liabilities measured by fair value and with variation reckoned into current gains/losses				
1. Transactional financial liabilities				
(1) Derivative financial liabilities		44,249,602.74		44,249,602.74

The derivative contract is measured by fair value on 2<sup>nd</sup> level, which is the real-time quote on foreign exchange market on balance sheet date

### XI. Related parties and related transaction

#### (I) Relationship of related parties

##### 1. Controlling shareholder and ultimate controller

###### (1) Controlling shareholder and ultimate controller

Controlling shareholder and ultimate controller	Registration place	Business nature	Registered capital	Share-holding ratio in the Company	Voting rights ratio in the Company
Sichuan Changhong Electric Co., LTD	Mianyang	Manufacture and sales	4,616,244,222	25.43%	25.43%

Sichuan Changhong Electronic Holding Group is the controlling shareholder of Sichuan Changhong Electric Co., LTD, and the SASAC Mianyang office holds 100.00% equity interests of Sichuan Changhong Electronic Holding Group, which means that SASAC Mianyang office is the ultimate controller of the Company.

###### (2) Register capital and change thereof of controlling shareholder

Controlling shareholder	Opening balance	Increased during the period	Decreased during the period	Ending balance
Sichuan Changhong Electric Co., LTD	4,616,244,222			4,616,244,222

###### (3) Shares held by the controlling shareholder and its changes on equity

Controlling shareholder	Amount of shares held		Shareholding ratio (%)	
	Ending balance	Opening balance	Ratio at period-end	Ratio at period-begin
Sichuan Changhong Electric Co., LTD	265,601,410	265,601,410	25.43%	25.43%

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### 2.Subsidiary

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

### 3.Joint venture and affiliated enterprise

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

Joint venture and affiliated enterprise	Relationship
Hefei Meiling Solar Energy Technology Co., Ltd.	Affiliated enterprise of Subsidiary Meiling Group
Changhong Ruba Electric Company (Private) Ltd.	Affiliated enterprise of Subsidiary Zhongshan Changhong
Hefei Xingmei Assets Management Co., Ltd.	Affiliated enterprise of the Company
Sichuan Zhiyijia Network Technology Co., Ltd.	Affiliated enterprise of the Company, sharing the same controlling shareholder with the Company and actual controller
Hongyuan Ground Energy Heat Technology Co., Ltd.	Affiliated enterprise of Subsidiary Changhong Air Conditioner
Sichuan Tianyou Guigu Technology Co., Ltd.	Affiliated enterprise of Subsidiary Changhong Air Conditioner
Chengdu Tianyou Guigu Environmental Tech. Co., Ltd.	Affiliated enterprise of Subsidiary Changhong Air Conditioner

### 4.Other related parties

Other related parties	Relationship
Changhong Huayi Compressor Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jijia Fine Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Package Printing Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Jiahong Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong New Energy Tech. 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 Electronic Products Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Xinrui Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Electric Source Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Solar Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongwei Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
CHANGHONG (HK) TRADING LIMITED	Control by same controlling shareholder and ultimate controller
Sichuan Changhong International Hotel Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong International Travel Agency Co., Ltd.	Control by same controlling shareholder and ultimate controller
PT.CHANGHONG ELECTRIC INDONESIA	Control by same controlling shareholder and ultimate controller
Sichuan Hongxin Software Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Devices Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
CHANGHONG ELECTRIC MIDDLE EAST FZE	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Control by same controlling shareholder and ultimate controller

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

HefeiChanghongIndustrialCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
LejiayiChainManagementCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
SichuanChanghongMinshengLogisticsCo.,LTD	Controlbysamecontrollingshareholderandultimatecontroller
ChanghongEuropeElectrics.r.o	Controlbysamecontrollingshareholderandultimatecontroller
AnhuiXinhaoPDPCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
SichuanHuafengEnterpriseGroupCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
Orion.PDP.Co.,ltd	Controlbysamecontrollingshareholderandultimatecontroller
ChanghongInternationalHoldings(HongKong)Co.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
SichuanChanghongNetworkTech.Co.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
ChengduChanghongElectricTech.Co.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
BVCHOptronics(Sichuan)Co.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
SichuanChanghongElectronicSystemCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
081ElectronicGroup	Controlbysamecontrollingshareholderandultimatecontroller
SichuanChanghongGroupFinanceCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
YibinRedStarElectronicsCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
SichuanChanghongIntelligentManufacturingTechnologyCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
SichuanChanghongLogisticServiceCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
SichuanHongchengConstructionEngineeringCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
HefeiChanghongNewEnergyTechnologyCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
GuangyuanChanghongElectronicTechnologyCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
SichuanAilianTechnologyCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
SichuanChanghongInnovationInvestmentCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
SichuanChanghongElectronicTechnologyCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
SichuanChanghongPropertyCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
SichuanChanghongIntelligentHealthTechnologyCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
SichuanHuanyuIndustrialCo.Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
MianyangTechnologyTownBigDataTechnologyCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
SichuanChanghongEducationTech.Co.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
ShenzhenEnjoyServiceTech.Co.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
CHANGHONGELECTRIC(AUSTRALIA)	Controlbysamecontrollingshareholderandultimatecontroller
SichuanAichuangTechnologyCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
SichuanChanghongJiahuaInformationProductsCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
HunanGrand-proIntelligentTechnologyCo.,Ltd.	Controlbysamecontrollingshareholderandultimatecontroller
SichuanHongyuMetalManufacturingCo.,Ltd.	Affiliateenterpriseofcontrollingshareholder
SichuanChangxinRefrigerationPartsCo.,Ltd.	Affiliateenterpriseofcontrollingshareholder
MianyangHighlyElectricCo.,Ltd.	Affiliateenterpriseofcontrollingshareholder
SichuanChangheTechnologyCo.,Ltd.	Affiliateenterpriseofcontrollingshareholder
ChengduHopeTestingTechnologyCo.,Ltd.	Affiliateenterpriseofcontrollingshareholder

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

HengyouyuanTechnologyDevelopmentGroupCo.,Ltd.	Theinvestorhasmajorinfluenceonthesubsiary
CandyHooverGroupS.r.l.	Theinvestorhasmajorinfluenceonthesubsiary

### (II) Related transactions

#### 1. Purchasing commodity

Related parties	Content	Current Period (10 thousand Yuan)	Last Period (10 thousand Yuan)
Sichuan Changhong Electric Co., LTD	Purchasing commodity	17,152.85	20,358.26
Changing Huayi Compressor Co., Ltd.	Purchasing commodity	29,967.62	22,954.46
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Purchasing commodity	42,545.85	32,589.07
Sichuan Changhong Jijia Fine Co., Ltd.	Purchasing commodity	20,351.17	15,533.97
Sichuan Changhong Package Printing Co., Ltd.	Purchasing commodity	7,295.70	5,360.60
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Purchasing commodity	5,357.47	748.78
Sichuan Changhong New Energy Tech. Co., Ltd.	Purchasing commodity	3.59	0.71
081 Electronic Group	Purchasing commodity	135.62	235.55
Guangdong Changhong Electronics Co., Ltd.	Purchasing commodity	176.79	663.79
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchasing commodity	8.98	86.44
Sichuan Changhong Xinrui Technology Co., Ltd.	Purchasing commodity		4,901.96
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing commodity	13.16	0.92
Sichuan Huafeng Enterprise Group Co., Ltd.	Purchasing commodity		1.40
Sichuan Changhong Devices Technology Co., Ltd.	Purchasing commodity	1,933.86	2,403.23
Sichuan Ailian Tech. Co., Ltd.	Purchasing commodity	599.81	434.57
Hunan Grand-pro Intelligent Technology Co., Ltd.	Purchasing commodity	156.25	
Sichuan Changhong Education Tech. Co., Ltd.	Purchasing commodity		5.03
Sichuan Aichuang Tech. Co., Ltd.	Purchasing commodity	251.51	
Sichuan Hongyu Metal Manufacturing Co., Ltd.	Purchasing commodity	127.32	63.52
Sichuan Changhe Technology Co., Ltd.	Purchasing commodity	378.56	431.07
Sichuan Changxin Refrigeration Parts Co., Ltd.	Purchasing commodity	23,907.65	21,212.11
Mianyang Highly Electric Co., Ltd.	Purchasing commodity	27,630.17	18,335.82
Changhong Ruba Electric Company (Private) Ltd.	Purchasing commodity	13,992.75	
Chengdu Guigu Environmental Tech. Co., Ltd.	Purchasing commodity	1.51	3.28
<b>Total</b>		<b>191,988.19</b>	<b>146,324.54</b>

#### 2. Labor service receive

Related parties	Content	Current Period	Last Period
Sichuan Changhong Electronic Holding Group Co., Ltd.	Labor service received	73,759.20	23,035.00
Sichuan Changhong Electric Co., LTD	Labor service received	6,230,336.42	8,164,963.58
Sichuan Changhong Minsheng Logistics Co., LTD	Labor service received	230,280,688.77	251,485,024.96

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

SichuanServiceExp.ApplianceServiceChainCo.,Ltd.	Labor servicereceived	88,220,509.41	73,918,850.99
SichuanHongxinSoftwareCo.,Ltd.	Labor servicereceived	253,637.73	632,000.00
GuangdongChanghongElectronicsCo.,Ltd.	Labor servicereceived	277,345.05	308,552.78
SichuanJiahongIndustrialCo.,Ltd.	Labor servicereceived	162,557.42	236,642.41
SichuanChanghongInternationalHotelCo.,Ltd.	Labor servicereceived	221,616.95	83,082.01
CHANGHONG(HK)TRADINGLIMITED	Labor servicereceived		237,531.09
SichuanChanghongInternationalTravelAgencyCo.,Ltd.	Labor servicereceived	90,299.48	31,250.00
SichuanChanghongLogisticServiceCo.,Ltd.	Labor servicereceived	421,191.81	386,219.15
SichuanHongweiTechnologyCo.,Ltd.	Labor servicereceived	358,990.56	206,683.02
SichuanZhiyijiaNetworkTechnologyCo.,Ltd.	Labor servicereceived	4,179,468.03	155,943.39
LejiayiChainManagementCo.,Ltd.	Labor servicereceived		22,641.51
SichuanChanghongNetworkTech.Co.,Ltd.	Labor servicereceived	34,977.69	5,743.71
SichuanChanghongIntelligentManufacturingTechnologyCo.,Ltd.	Labor servicereceived	30,683.76	196,581.20
SichuanChanghongJijiaFineCo.,Ltd.	Labor servicereceived		1,794.87
SichuanChanghongJiahuaInformationProductsCo.,Ltd.	Labor servicereceived	6,037.74	
ChengduHopeTestingTechnologyCo.,Ltd.	Labor servicereceived	7,566.04	
<b>Total</b>		<b>330,849,666.06</b>	<b>336,096,539.67</b>

### 3. Purchase of fuels and energy

Related parties	Content	Current Period	Last Period
SichuanChanghongElectricCo.,LTD	Purchasing fuels and energy	8,804,002.78	6,950,453.59
ChanghongHuayiCompressorCo.,Ltd.	Purchasing fuels and energy	291,471.19	
GuangdongChanghongElectronicsCo.,Ltd.	Purchasing fuels and energy	674,472.29	498,792.14
SichuanJiahongIndustrialCo.,Ltd.	Purchasing fuels and energy		4,781.60
HefeiChanghongNewEnergyTechnologyCo.,Ltd.	Purchasing fuels and energy	144,943.25	
SichuanChanghongLogisticServiceCo.,Ltd.	Purchasing fuels and energy	7,545.29	10,928.55
<b>Total</b>		<b>9,922,434.80</b>	<b>7,464,955.88</b>

### 4. Sales of goods/labor service providing

Related parties	Content	Current Period (10 thousand Yuan)	Last Period (10 thousand Yuan)
SichuanChanghongElectricCo.,LTD	Sales of goods	3,695.69	84,180.47
SichuanChanghongElectronicHoldingGroupCo.,Ltd.	Sales of goods	67.87	99.47

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

SichuanChanghongJijiaFineCo.,Ltd.	Salesofgoods	3,973.51	3,774.84
SichuanChanghongMoldPlasticTech.Co.,Ltd.	Salesofgoods	8,310.71	5,503.42
LejiayiChainManagementCo.,Ltd.	Salesofgoods	981.20	173.06
PT.CHANGHONGELECTRICINDONESIA	Salesofgoods	54.76	0.49
CHANGHONG(HK)TRADINGLIMITED	Salesofgoods	18,132.40	24,741.31
CHANGHONGELECTRIC(AUSTRALIA)	Salesofgoods	667.34	847.30
SichuanHongweiTechnologyCo.,Ltd.	Salesofgoods	12.09	8.95
SichuanChanghongMinshengLogisticsCo.,LTD	Salesofgoods	151.60	108.76
SichuanServiceExp.ApplianceServiceChainCo.,Ltd.	Salesofgoods	771.61	559.66
SichuanChanghongGerunRenewableResourcesCo.,Ltd.	Salesofgoods	1,077.63	759.82
HefeiChanghongIndustrialCo.,Ltd.	Salesofgoods	137.04	2.11
SichuanHuafengEnterpriseGroupCo.,Ltd.	Salesofgoods	18.58	0.26
SichuanZhiyijiaNetworkTechnologyCo.,Ltd.	Salesofgoods	132,164.21	98,589.85
SichuanChanghongPropertyCo.,Ltd.	Salesofgoods	86.52	5.97
SichuanChanghongNetworkTech.Co.,Ltd.	Salesofgoods	21.23	8.71
SichuanChanghongIntelligentHealthTechnologyCo.,Ltd.	Salesofgoods	0.84	0.36
SichuanChanghongLogisticServiceCo.,Ltd.	Salesofgoods	1.94	2.05
SichuanHuanyuIndustrialCo.Ltd.	Salesofgoods	14.62	12.10
SichuanChanghongXinruiTechnologyCo.,Ltd	Salesofgoods		1.89
SichuanChanghongIntelligentManufacturingTechnologyCo.,Ltd.	Salesofgoods		1.12
MianyangTechnologyTownBigDataTechnologyCo.,Ltd.	Salesofgoods	0.16	0.29
BVCHOptronics(Sichuan)Co.,Ltd.	Salesofgoods	7.02	1.28
SichuanChanghongDeviceTechnologyCo.,Ltd.	Salesofgoods	16.53	9.04
SichuanChanghongGroupFinanceCo.,Ltd.	Salesofgoods	2.23	1.59
ChanghongHuayiCompressorCo.,Ltd.	Salesofgoods	12.00	
SichuanChanghongPackagePrintingCo.,Ltd.	Salesofgoods	2.20	1.76
SichuanChanghongElectricSourceCo.,Ltd.	Salesofgoods	9.36	35.17
SichuanChanghongEducationTech.Co.,Ltd.	Salesofgoods	56.17	1.63
081ElectronicGroup	Salesofgoods		4.46
GuangyuanChanghongElectronicTech.Co.,Ltd.	Salesofgoods	77.09	39.05
SichuanAilianTech.Co.,Ltd.	Salesofgoods	12.50	19.22
SichuanChanghongInnovationInvestmentCo.,Ltd	Salesofgoods	0.17	0.02
GuangyuanHongchengIndustrialCo.,Ltd.	Salesofgoods		0.10
SichuanChanghongSolarTech.Co.,Ltd.	Salesofgoods	2.02	0.12
SichuanChanghongElectricTechnologyCo.,Ltd.	Salesofgoods	0.80	0.42
SichuanHongxinSoftwareCo.,Ltd.	Salesofgoods	3.80	0.62
SichuanHongchengRealEstateCo.,Ltd.	Salesofgoods	9.46	0.75
SichuanChanghongNewEnergyTech.Co.,Ltd.	Salesofgoods	2.61	64.70



## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

SichuanChanghongInternationalHotelCo.,Ltd.	Salesofgoods	27.84	
SichuanChanghongElectronicSystemCo.,Ltd.	Salesofgoods	0.85	3.23
SichuanChanghongPrecisionElectronicsTech.Co.,Ltd.	Salesofgoods	6.43	8.86
Orion.PDP.Co.,ltd	Salesofgoods	1,489.79	961.52
ChanghongInternationalHolding(H.K.)Co.,Ltd.	Salesofgoods	58.80	0.05
ChanghongEuropeElectrics.r.o	Salesofgoods	0.19	
YibingHongxingElectronicsCo.,Ltd.	Salesofgoods	91.74	
CHANGHONGELECTRICMIDDLEEASTFZE	Salesofgoods	122.67	
SichuanAichuangTechnologyCo.,Ltd.	Salesofgoods	101.37	
SichuanChangxinRefrigerationPartsCo.,Ltd.	Salesofgoods	6,050.49	5,863.82
SichuanTianyouGuiguTechnologyCo.,Ltd.	Salesofgoods		36.18
HongyuanGroundEnergyHeatTechnologyCo.,Ltd.	Salesofgoods	-6.26	1,040.01
ChengduGuiguEnvironmentalTech.Co.,Ltd.	Salesofgoods	334.18	
ChanghongRubaElectricCompany(Private)Ltd.	Salesofgoods	5,155.91	1,122.42
<b>Total</b>		<b>183,989.51</b>	<b>228,598.28</b>

BusinessesbetweentheCompanyanditsconnectedpersonsaregenerallyconductedundermarketoperationrulesasiftheywerethesameasotherbusinesscounterparties.ForpriceofsaleorpurchaseandprovisionofotherlaborservicebetweentheCompanyanditsrelatedparties,thestatepricingisapplicableifthepricingdoexists;incaseofabsenceofsuchstatepricing,priceisdeterminedundermarketprice;incaseofabsenceofsuchmarketprice,priceisdeterminedbybothpartiesataactualcostplusreasonableexpenses;forsomespecialservices,thepriofwhichcannotbedeterminedundertheruleofcostplusexpense,thepriesshallbedeterminedbybothpartiesbynegotiation.

### 5.Fuelandenergyproviding

Relatedparties	Content	CurrentPeriod	LastPeriod
GuangdongChanghongElectronicsCo.,Ltd.	Fuelandenergyproviding	9,055.92	51,666.51
SichuanChanghongMinshengLogisticsCo.,LTD	Fuelandenergyproviding	8,086.47	10,848.03
SichuanChanghongJijiaFineCo.,Ltd.	Fuelandenergyproviding	79,169.23	13,781.32
SichuanChanghongMoldPlasticTech.Co.,Ltd.	Fuelandenergyproviding	3,753,050.29	2,030,399.35
SichuanHongweiTechnologyCo.,Ltd.	Fuelandenergyproviding	848.96	71.89
HefeiChanghongIndustrialCo.,Ltd.	Fuelandenergyproviding		9,677.31
SichuanChanghongPrecisionElectronicTechnologyCo.,Ltd.	Fuelandenergyproviding		1,964.92
SichuanChanghongDevicesTechnologyCo.,Ltd.	Fuelandenergyproviding	457,594.68	333,399.12
SichuanServiceExp.ApplianceServiceChainCo.,Ltd.	Fuelandenergyproviding		2,269.46
ShenzhenEnjoyTechnologyCo.,Ltd.	Fuelandenergyprovi	52.05	

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

	ding		
ChanghongInternationalHoldings(HongKong)Co.,Ltd.	Fuelandenergyprovi ding	1,988.69	
<b>Total</b>		<b>4,309,846.29</b>	<b>2,454,077.91</b>

### 6.Relatedrental

#### (1)Rentout

Lessor	Lessee	Typeofassets	Leasingincomeint hisperiod	Leasingincomeint astperiod
HefeiMeilingCo.,Ltd.	SichuanChanghongJijiaFineCo.,Ltd.	Forkliftruck	2,057.07	
HefeiMeilingCo.,Ltd.	SichuanChanghongJijiaFineCo.,Ltd.	Warehouse	18,569.66	
HefeiMeilingCo.,Ltd.	SichuanChanghongJijiaFineCo.,Ltd.	Apartment	9,283.02	
HefeiMeilingCo.,Ltd.	SichuanChanghongJijiaFineCo.,Ltd.	Plant	257,200.00	253,680.00
HefeiMeilingCo.,Ltd.	SichuanChanghongMoldPlasticTech.Co.,Ltd.	Warehouse	86,093.39	
HefeiMeilingCo.,Ltd.	SichuanChanghongMoldPlasticTech.Co.,Ltd.	Plant	702,270.00	702,270.00
HefeiMeilingCo.,Ltd.	SichuanChanghongMoldPlasticTech.Co.,Ltd.	Apartment	133,527.62	152,224.76
HefeiMeilingCo.,Ltd.	SichuanChanghongMinshengLogisticsCo.,LTD	Office		10,608.00
HefeiMeilingCo.,Ltd.	SichuanChanghongMinshengLogisticsCo.,LTD	Apartment	45,794.29	
HefeiMeilingCo.,Ltd.	SichuanServiceExp.ApplianceServiceChainCo.,Ltd.	Apartment	194,858.53	106,491.41
HefeiMeilingCo.,Ltd.	SichuanServiceExp.ApplianceServiceChainCo.,Ltd.	Office	42,378.38	
HefeiMeilingCo.,Ltd.	SichuanChanghongXinruiTechnologyCo.,Ltd	Forkliftruck		2,016.51
HefeiMeilingCo.,Ltd.	SichuanChanghongXinruiTechnologyCo.,Ltd	Warehouse		14,867.93
HefeiMeilingCo.,Ltd.	SichuanChangheTechnologyCo.,Ltd.	Warehouse	3,591.96	5,458.49
HefeiMeilingCo.,Ltd.	HefeiChanghongIndustrialCo.,Ltd.	Apartment	64,716.19	87,680.00
HefeiMeilingCo.,Ltd.	SichuanChanghongPrecisionElectronicsTech.Co.,Ltd.	Forkliftruck	1,682.54	
HefeiMeilingCo.,Ltd.	SichuanChanghongPrecisionElectronicsTech.Co.,Ltd.	Warehouse	1,415.09	
HefeiMeilingCo.,Ltd.	SichuanChanghongPrecisionElectronicsTech.Co.,Ltd.	Apartment	22,367.83	15,657.14
HefeiMeilingCo.,Ltd.	SichuanAilianTech.Co.,Ltd.	Warehouse	552.00	
ZhongkeMeiling	SichuanChanghongMinshengLogisticsCo.,LTD	Plant	936,567.27	
ChanghongAirC onditioner	BVCHOptronics(Sichuan)Co.,Ltd.	Freightelevato r	52,480.00	52,480.00
ChanghongAirC onditioner	SichuanChanghongMoldPlasticTech.Co.,Ltd.	Machineryequ ipment		25,433.40
ChanghongAirC onditioner	SichuanChanghongJijiaFineCo.,Ltd.	Driving		7,000.00
ZhongshanChan ghong	GuangdongChanghongElectronicsCo.,Ltd.	Officebuilding	63,646.10	59,606.04
ZhongshanChan ghong	SichuanChanghongMinshengLogisticsCo.,LTD	Partoftheoffice buildingrentou t	1,693.24	

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

ZhongshanChanghong	SichuanChanghongMoldPlasticTech.Co.,Ltd.	2#livingarea	9,450.49	
ZhongshanChanghong	SichuanHongweiTechnologyCo.,Ltd.	2#livingarea	4,550.38	
ZhongshanChanghong	SichuanChanghongDevicesTechnologyCo.,Ltd.	2#livingarea	51.76	
ZhongshanChanghong	ChanghongInternationalHolding(H.K.)Co.,Ltd.	2#livingarea	6,010.39	
JiangxiMeiling	SichuanChanghongMoldPlasticTech.Co.,Ltd.	Plant	269,600.00	237,432.38
MianyangRefrigeration	SichuanChanghongMoldPlasticTech.Co.,Ltd.	Warehousefee	34,030.65	
MianyangRefrigeration	SichuanChangheTechnologyCo.,Ltd.	Warehousefee	162.16	
MianyangRefrigeration	SichuanChanghongPackagePrintingCo.,Ltd.	Warehousefee	270.28	
ChanghongRidian	SichuanChanghongMinshengLogisticsCo.,LTD	Plant		514,072.40
ChanghongRidian	SichuanChanghongDevicesTechnologyCo.,Ltd.	Plant	501,892.14	463,469.00
ChanghongRidian	SichuanHongweiTechnologyCo.,Ltd.	Plant	35,218.29	35,218.29
ChanghongRidian	ChanghongInternationalHolding(H.K.)Co.,Ltd.	Office	74,862.18	
<b>Total</b>			<b>3,576,842.90</b>	<b>2,745,665.75</b>

### (2) Lessee of related parties

Lessor	Lessee	Type of assets	Leasing expense in this period	Leasing expense last period
SichuanChanghongElectronicHoldingGroupCo.,Ltd.	ChanghongAirConditioner	Staffdormitory		33,310.74
SichuanChanghongLogisticServiceCo.,Ltd.	ChanghongAirConditioner	Workshopandoffice	984,405.85	908,313.35
ChengduChanghongElectricTech.Co.,Ltd.	HongmeiIntelligent	Office	174,966.21	84,765.80
GuangdongChanghongElectronicsCo.,Ltd.	GroundEnergyHeatPump	Staffdormitory	149,265.47	4,763.20
SichuanChanghongElectricCo.,LTD	MianyangRefrigeration	Workshoplease	68,117.78	583,939.82
SichuanChanghongElectronicHoldingGroupCo.,Ltd.	MianyangRefrigeration	Staffdormitory	11,355.72	3,280.00
SichuanChanghongLogisticServiceCo.,Ltd.	MianyangRefrigeration	Flowerlease	1,670.38	
SichuanChanghongElectricCo.,LTD	NanjingMeiling	Office		10,584.72
ChengduChanghongElectricTech.Co.,Ltd.	ChangmeiTech.	Office	111,178.80	80,048.73

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

SichuanChanghongLogisticServiceCo.,Ltd.	ChangmeiTech.	Spacerental	24,217.08	13,207.55
SichuanHongweiTechnologyCo.,Ltd.	ChangmeiTech.	Serverleasing	136,667.56	
GuangdongChanghongElectronicsCo.,Ltd.	ChanghongRidian	Staffdormitory	13,723.93	30,975.80
SichuanChanghongElectricCo.,LTD	MeilingGroup	Office	423,932.86	
<b>Total</b>			<b>2,099,501.64</b>	<b>1,753,189.71</b>

### 7.Relatedguarantee

Securedparty	Sponsoredparty	Maximumguaranteeamount(in10thousandYuan)	Start	End	Completed(Y/N)
ChanghongMeiling	ZhongshanChanghongHomeAppliances	6,000.00	2017.01.03	2018.01.03	Y
ChanghongMeiling	ZhongshanChanghongHomeAppliances	5,500.00	2017.01.22	2018.01.22	Y
ChanghongMeiling	ZhongshanChanghongHomeAppliances	20,000.00	2017.03.01	2018.03.31	Y
ChanghongMeiling	ZhongshanChanghongHomeAppliances	10,000.00	2017.03.29	2018.03.29	N
ChanghongMeiling	ZhongshanChanghongHomeAppliances	5,000.00	2017.07.24	2018.07.24	N
ChanghongMeiling	ZhongshanChanghongHomeAppliances	10,000.00	2017.11.06	2018.11.06	N
ChanghongMeiling	ZhongshanChanghongHomeAppliances	5,000.00	2018.04.12	2019.04.11	N
ChanghongMeiling	ZhongshanChanghongHomeAppliances	6,000.00	2018.03.07	2019.03.07	N
ChanghongMeiling	ZhongshanChanghongHomeAppliances	5,500.00	2018.04.18	2019.04.19	N
ChanghongMeiling	ZhongshanChanghongHomeAppliances	10,000.00	2018.03.30	2019.03.30	N
ChanghongMeiling	ChanghongRidian	4,500.00	2017.08.13	2018.08.13	N
ChanghongMeiling	ChanghongRidian	4,000.00	2017.09.01	2018.08.31	N
ChanghongMeiling	ChanghongRidian	2,000.00	2017.11.05	2018.11.05	N
ChanghongMeiling	ZhongkeMeiling	2,000.00	2017.02.16	2018.01.05	Y
ChanghongMeiling	ZhongkeMeiling	1,000.00	2017.06.23	2018.06.22	Y
ChanghongMeiling	ZhongkeMeiling	2,000.00	2018.01.30	2018.12.31	N
ChanghongMeiling	ZhongkeMeiling	1,000.00	2018.06.29	2019.06.29	N
<b>Counterguarantee:</b>					
ZhongshanChanghongHomeAppliances	ChanghongMeiling	6,000.00	2017.01.03	2018.01.03	Y
ZhongshanChanghongHomeAppliances	ChanghongMeiling	5,500.00	2017.01.22	2018.01.22	Y
ZhongshanChanghongHomeAppliances	ChanghongMeiling	20,000.00	2017.03.01	2018.03.31	Y

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

ZhongshanChanghongHomeAppliances	ChanghongMeiling	10,000.00	2017.03.29	2018.03.29	N
ZhongshanChanghongHomeAppliances	ChanghongMeiling	5,000.00	2017.07.24	2018.07.24	N
ZhongshanChanghongHomeAppliances	ChanghongMeiling	10,000.00	2017.11.06	2018.11.06	N
ZhongshanChanghongHomeAppliances	ChanghongMeiling	5,000.00	2018.04.12	2019.04.11	N
ZhongshanChanghongHomeAppliances	ChanghongMeiling	6,000.00	2018.03.07	2019.03.07	N
ZhongshanChanghongHomeAppliances	ChanghongMeiling	5,500.00	2018.04.18	2019.04.19	N
ZhongshanChanghongHomeAppliances	ChanghongMeiling	10,000.00	2018.03.30	2019.03.30	N
ChanghongRidian	ChanghongMeiling	4,500.00	2017.08.13	2018.08.13	N
ChanghongRidian	ChanghongMeiling	4,000.00	2017.09.01	2018.08.31	N
ChanghongRidian	ChanghongMeiling	2,000.00	2017.11.05	2018.11.05	N
ZhongkeMeiling	ChanghongMeiling	2,000.00	2017.02.16	2018.01.05	Y
ZhongkeMeiling	ChanghongMeiling	1,000.00	2017.06.23	2018.06.22	Y
ZhongkeMeiling	ChanghongMeiling	2,000.00	2018.01.30	2018.12.31	N
ZhongkeMeiling	ChanghongMeiling	1,000.00	2018.06.29	2019.06.29	N

### 8. Asset transfer, debt restructuring of related parties

Related parties	Type	Current Period	Last Period
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchasing fixed assets	8,135,804.47	13,629,166.26
Sichuan Hongcheng Construction Engineering Co., Ltd.	Purchasing fixed assets	450,450.45	3,688,920.36
Sichuan Hongcheng Real Estate Co., Ltd.	Fixed assets acquisition & construction	393,162.39	509,433.94
Sichuan Changhong Electric Co., LTD	Purchasing fixed assets	15,566.04	25,000.00
Sichuan Hongxin Software Co., Ltd.	Purchasing fixed assets	1,606,415.09	1,895,509.44
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing fixed assets	2,990.60	
Sichuan Huanyu Industrial Co., Ltd.	Purchasing fixed assets	193,725.23	
Sichuan Changhong Electronic Holding Group Co., Ltd.	Fixed assets acquisition & construction	3,773,584.91	
Sichuan Changhong Electric Co., Ltd.	Fixed assets acquisition & construction	90,590.61	
Sichuan Aichuang Technology Co., Ltd.	Purchasing fixed assets	1,344,951.37	
<b>Total</b>		<b>16,007,241.16</b>	<b>19,748,030.00</b>

### 9. Related transaction with Changhong Finance Company

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### (1) Savingbalance

Company	Endingbalance	Openingbalance	Interestincomefrombanksaving
ChanghongMeilingCo.,Ltd.	1,281,208,900.70	1,767,413,631.40	34,764,125.03
SichuanChanghongAirConditionerCo.,Ltd	873,934,917.19	931,489,096.17	15,645,129.24
ZhongshanChanghongHomeAppliancesCompanyLimited	14,921,824.88	13,293,776.63	226,483.74
HefeiMeilingGroupHoldingCo.,Ltd.	793.75	555,029.59	793.75
MianyangMeilingRefrigerationCo.,Ltd.	8,367.99	58,727.73	66.03
ZhongkeMeilingCryogenicTechnologyCo.,Ltd	51,102,578.75	40,708,625.61	1,089,043.05
JiangxiMeilingElectricApplianceCo.,Ltd.	31,940.56	7,488,946.73	31,624.32
GuangdongChanghongRidianTechnologyCo.,Ltd.	27,657,156.08	1,404,653.78	393,836.82
HongyuanGroundEnergyHeatPumpTechnologyCo.,Ltd	33,438,712.21	101,216.24	199,773.63
<b>Total</b>	<b>2,282,305,192.11</b>	<b>2,762,513,703.88</b>	<b>52,350,875.61</b>

### (2) Notesdiscounted

Company	Bankacceptancebookdiscountedamount	Bankacceptancediscountedamount	Expensesofdiscounted
ChanghongMeilingCo.,Ltd.	218,699,936.18	217,996,762.90	703,173.28
SichuanChanghongAirConditionerCo.,Ltd	425,248,317.41	421,916,494.92	3,331,822.49
HongyuanGroundEnergyHeatPumpTechnologyCo.,Ltd	8,151,906.51	7,964,210.65	187,695.86
<b>Total</b>	<b>652,100,160.10</b>	<b>647,877,468.47</b>	<b>4,222,691.63</b>

### (3) Notesissued

Company	Issuingunit	Noteamount	Type
ChanghongMeilingCo.,Ltd.	SichuanChanghongGroupFinanceCo.,Ltd.	193,142,610.89	Bankacceptance
SichuanChanghongAirConditionerCo.,Ltd	SichuanChanghongGroupFinanceCo.,Ltd.	578,582,387.05	Bankacceptance
ZhongshanChanghongHomeAppliancesCompanyLimited	SichuanChanghongGroupFinanceCo.,Ltd.	125,939,054.95	Bankacceptance
MianyangMeilingRefrigerationCo.,Ltd.	SichuanChanghongGroupFinanceCo.,Ltd.	4,051,538.54	Bankacceptance
ZhongkeMeilingCryogenicTechnologyCo.,Ltd	SichuanChanghongGroupFinanceCo.,Ltd.	19,331,579.00	Bankacceptance
GuangdongChanghongRidianTechnologyCo.,Ltd.	SichuanChanghongGroupFinanceCo.,Ltd.	48,680,998.50	Bankacceptance
<b>Total</b>		<b>969,728,168.93</b>	

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### (4) Borrowing

Name of company	Opening balance	Borrowed in the period	Payment in the period	Ending balance	Borrowing date	Expiration	Loan interest costs	Interest rate
Changhong A/C		15,600,000.00		15,600,000.00	2018.05.21	2019.05.21	70,200.00	5.40%
Changhong A/C		62,000,000.00		62,000,000.00	2018.05.30	2019.05.30	195,300.00	5.40%

### (5) Accounts receivable factoring: Nil

## (III) Come and go balance with related parties

### 1. Receivable items

Item	Related parties	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Changhong Electric Co., LTD	166,955.10		1,814,632.38	
Account receivable	Sichuan Changhong Electronic Holding Group Co., Ltd			5,700.00	
Account receivable	Orion.PDP.Co.,ltd	15,190,269.09		10,083,028.46	
Account receivable	Changhong Europe Electrics r.o	217,654.38			
Account receivable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	697,197.26		168,406.71	
Account receivable	CHANGHONG ELECTRIC (AUSTRALIA)	6,679,056.90		8,966,037.32	
Account receivable	Sichuan Changhong Logistic Service Co., Ltd.	22,560.00			
Account receivable	Changhong Huayi Compressor Co., Ltd.			19,800.00	
Account receivable	Sichuan Changhong Jijia Fine Co., Ltd.	75,972.00		1,989,845.25	
Account receivable	Sichuan Hongcheng Real Estate Co., Ltd.			147,354.00	
Account receivable	Sichuan Changhong Minsheng Logistics Co., LTD	1,030,224.00			
Account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	284,393.23		51,528.01	
Account receivable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	5,900.00		14,951.00	

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Accountreceivable	PT.CHANGHONGELECTRICINDONESIA	568,945.32	25,614.05
Accountreceivable	CHANGHONG(HK)TRADINGLIMITED	137,814,895.07	92,041,204.28
Accountreceivable	SichuanChanghongPackagePrintingCo.,Ltd.	24,352.55	
Accountreceivable	SichuanChanghongInternationalHotelCo.,Ltd.	90,183.90	
Accountreceivable	ChengduChanghongElectricTech.Co.,Ltd.	434,509.01	434,509.01
Accountreceivable	LejiayiChainManagementCo.,Ltd.	2,803,287.83	867,119.47
Accountreceivable	SichuanZhiyijiaNetworkTechnologyCo.,Ltd.	180,000,091.64	292,557,278.83
Accountreceivable	SichuanHongweiTechnologyCo.,Ltd.	11,834.10	
Accountreceivable	ShenzhenEnjoyserviceTech.Co.,Ltd.		1,777.90
Accountreceivable	AnhuiXinhaoPDPCo.,Ltd.		63,000.00
Accountreceivable	SichuanChanghongElectricSourceCo.,Ltd.		30,389.18
Accountreceivable	YibinRedStarElectronicsCo.,Ltd.	485,225.00	
Accountreceivable	SichuanHuanyuIndustrialCo.,Ltd.	3,150.35	
Accountreceivable	SichuanChanghongPropertyCo.,Ltd.	48,664.00	48,664.00
Accountreceivable	SichuanChanghongNewEnergyTech.Co.,Ltd.		173,213.95
Accountreceivable	SichuanChanghongInnovationInvestmentCo.,Ltd.	1,989.60	
Accountreceivable	SichuanChanghongNetworkTechnologyCo.,Ltd.	15,966.00	
Accountreceivable	HefeiChanghongIndustrialCo.,Ltd.	8,320.00	
Accountreceivable	ChanghongInternationalHolding(H.K.)Co.,Ltd.	812,869.85	111,146.18
Accountreceivable	SichuanJiahongIndustrialCo.,Ltd.	3,700.00	3,700.00
Accountreceivable	SichuanChanghongGroupFinanceCo.,Ltd.	23,690.00	9,270.00
Accountreceivable	BVCHOptronics(Sichuan)Co.,Ltd.	9,792.00	



## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Accountreceivable	CHANGHONGELECTRICMIDDLEEASTFZE	350,051.23		
Accountreceivable	SichuanAichuangTechnologyCo.,Ltd.	1,072,157.71		
Accountreceivable	HongyuanGroundEnergyHeatTechnologyCo.,Ltd.	305,670.50		2,179,945.63
Accountreceivable	ChanghongRubaElectricCompany(Private)Ltd.	83,847,314.65		34,423,460.27
Accountpaidinadvance	SichuanChanghongElectronicHoldingGroupCo.,Ltd			94,861.98
Accountpaidinadvance	SichuanChanghongElectricCo.,LTD	9,074,021.12		
Accountpaidinadvance	SichuanChanghongMinshengLogisticsCo.,LTD	87,028.00		
Accountpaidinadvance	SichuanServiceExp.ApplianceServiceChainCo.,Ltd.	101,152.94		101,945.29
Accountpaidinadvance	SichuanHongweiTechnologyCo.,Ltd.			363,948.00
Accountpaidinadvance	SichuanHongxinSoftwareCo.,Ltd.	130,000.00		45,000.00
Accountpaidinadvance	GuangdongChanghongElectronicsCo.,Ltd.	555.20		10,579.20
Accountpaidinadvance	SichuanZhiyijiaNetworkTechnologyCo.,Ltd.	6,950.47		12,721.94
Accountpaidinadvance	SichuanChanghongIntelligentManufacturingTechnologyCo.,Ltd.			527,923.64
Otheraccountreceivable	SichuanServiceExp.ApplianceServiceChainCo.,Ltd.	500,000.00		500,000.00
Otheraccountreceivable	SichuanChanghongMoldPlasticTech.Co.,Ltd.	4,681.54		
Otheraccountreceivable	SichuanChanghongJijiaFineCo.,Ltd.	3,349.23		
Otheraccountreceivable	SichuanChanghongPropertyCo.,Ltd.	150,000.00		150,000.00
Otheraccountreceivable	SichuanChanghongLogisticServiceCo.,Ltd.	7,720.80		7,720.80
Otheraccountreceivable	SichuanChanghongPackagingPrintingCo.,Ltd.	1,097.41		
Otheraccountreceivable	MianyangHighlyElectricCo.,Ltd.	209,689.74		
	<b>Total</b>	<b>443,383,088.72</b>		<b>448,046,276.73</b>

### 2. Payable items

Item	Related parties	Ending balance	Opening balance
Accountreceived	SichuanChanghongElectricCo.,LTD		234.16

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

inadvance			
Accountreceived inadvance	SichuanChanghongElectronicHoldingGroupCo.,Ltd.		5,080.00
Accountreceived inadvance	LejiayiChainManagementCo.,Ltd.	2,262.00	82,193.00
Accountreceived inadvance	CHANGHONG(HK)TRADINGLIMITED	959.21	
Accountreceived inadvance	ChanghongHuayiCompressorCo.,Ltd.	122,550.00	
Accountreceived inadvance	SichuanChanghongNewEnergyTech.Co.,Ltd.	87,350.00	
Accountreceived inadvance	SichuanChanghongPrecisionElectronicsTech.Co.,Ltd.	0.01	0.01
Accountreceived inadvance	SichuanChanghongMoldPlasticTech.Co.,Ltd.		126,849.97
Accountreceived inadvance	CHANGHONGELECTRICMIDDLEEASTFZE	932,740.45	1,636.49
Accountreceived inadvance	081ElectronicGroup	3,050,425.55	3,050,425.55
Accountreceived inadvance	SichuanChanghongGerunRenewableResourcesCo.,Ltd.	1,082,870.46	1,128,252.00
Accountreceived inadvance	SichuanServiceExp.ApplianceServiceChainCo.,Ltd.	934.14	36,614.59
Accountreceived inadvance	GuangyuanChanghongElectronicTech.Co.,Ltd.	53,435.00	37,061.00
Accountreceived inadvance	YibinRedStarElectronicsCo.,Ltd.		582,000.00
Accountreceived inadvance	HefeiChanghongIndustrialCo.,Ltd.	251,763.30	2,297.00
Accountreceived inadvance	SichuanZhiyijiaNetworkTechnologyCo.,Ltd.	153,304.69	571,946.94
Accountreceived inadvance	SichuanChanghongEducationTech.Co.,Ltd.		211,325.00
Accountreceived inadvance	ChanghongEuropeElectrics.r.o		4,367.63
Accountreceived inadvance	ChengduGuiguEnvironmentTechnologyCo.,Ltd.		87,460.00
Accountreceived inadvance	HongyuanDinengRebaoTechnologyCo.Ltd.	2,350,272.78	1,960,358.42
Accountreceived inadvance	SichuanTianyouGuiguTechnologyCo.,Ltd.	0.06	0.06
Accountpayable	SichuanChanghongElectronicHoldingGroupCo.,Ltd.	65,970.55	
Accountpayable	SichuanChanghongElectricCo.,LTD	52,791,780.00	57,983,674.93
Accountpayable	SichuanChanghongMoldPlasticTech.Co.,Ltd.	234,447,717.73	177,772,335.72

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Accountpayable	ChanghongHuayiCompressorCo.,Ltd.	183,476,373.47	104,051,402.67
Accountpayable	SichuanChanghongJijiaFineCo.,Ltd.	137,775,995.33	105,724,786.63
Accountpayable	SichuanChanghongMinshengLogisticsCo.,LTD	54,824,798.69	32,100,658.75
Accountpayable	SichuanChanghongPackagePrintingCo.,Ltd.	55,347,939.87	34,588,936.01
Accountpayable	SichuanChanghongDevicesTechnologyCo.,Ltd.	12,770,616.98	9,360,926.77
Accountpayable	SichuanChanghongPrecisionElectronicsTech.Co.,Ltd.	53,087,417.02	37,900,637.60
Accountpayable	081ElectronicGroup	1,150,989.83	484,442.91
Accountpayable	SichuanChanghongNewEnergyTech.Co.,Ltd.	41,844.00	
Accountpayable	GuangdongChanghongElectronicsCo.,Ltd.	1,523,582.63	2,220,471.94
Accountpayable	SichuanChanghongElectricSourceCo.,Ltd.	4,910.82	
Accountpayable	SichuanHongyuMetalManufacturingCo.,Ltd.	1,391,431.31	893,867.03
Accountpayable	SichuanServiceExp.ApplianceServiceChainCo.,Ltd.	28,254,047.73	5,547,924.93
Accountpayable	SichuanHongweiTechnologyCo.,Ltd.	1,658,396.58	1,658,396.58
Accountpayable	SichuanHongxinSoftwareCo.,Ltd.	1,998,329.24	564,650.00
Accountpayable	SichuanChanghongGerunRenewableResourcesCo.,Ltd.	10,503.63	10,503.63
Accountpayable	SichuanChanghongInternationalHotelCo.,Ltd.		42,802.10
Accountpayable	SichuanChanghongXinruiTechnologyCo.,Ltd	106,912.99	106,912.99
Accountpayable	SichuanChanghongIntelligentManufacturingTechnologyCo.,Ltd.	8,620,998.24	10,039,595.23
Accountpayable	SichuanChanghongInternationalTravelAgencyCo.,Ltd.	69,723.00	
Accountpayable	SichuanJiahongIndustrialCo.,Ltd.	63,384.00	28,314.00
Accountpayable	SichuanChanghongNetworkTech.Co.,Ltd.	15,537.82	227.83
Accountpayable	SichuanChanghongLogisticServiceCo.,Ltd.		4,121.00
Accountpayable	CHANGHONG(HK)TRADINGLIMITED	2,819,003.46	2,401,351.66
Accountpayable	SichuanAilianTechnologyCo.,Ltd.	5,142,416.89	1,816,576.71
Accountpayable	SichuanZhiyijiaNetworkTechnologyCo.,Ltd.	37,908.93	
Accountpayable	SichuanAichuangTech.Co.,Ltd.	2,515,109.55	
Accountpayable	SichuanFamilyHelpElectricServiceCo.,Ltd.		2,325.00
Accountpayable	SichuanChangxinRefrigerationPartsCo.,Ltd.	45,139,968.05	23,428,798.70
Accountpayable	MianyangHighlyElectricCo.,Ltd.	43,889,667.26	33,261,889.61
Accountpayable	SichuanChangheTechnologyCo.,Ltd.	2,893,309.73	2,242,158.00
Accountpayable	ChengduGuiguEnvironmentalTech.Co.,Ltd.	421,535.00	409,067.47
Accountpayable	ChanghongRubaElectricCompany(Private)Ltd.	104,826,067.22	69,845,918.08
Accountpayable	HunanGrand-proIntelligentTechnologyCo.,Ltd.	351074.44	
Otheraccountpayable	SichuanChanghongElectricCo.,LTD	13,651,574.71	3,971,074.18
Otheraccountpayable	SichuanChanghongElectronicHoldingGroupCo.,Ltd.	379.50	
Otheraccountpayable	SichuanChanghongMoldPlasticTech.Co.,Ltd.	1,645,178.89	1,742,341.02

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Otheraccountpayable	SichuanChanghongJijiaFineCo.,Ltd.	400,500.00	400,500.00
Otheraccountpayable	SichuanChanghongGerunRenewableResourcesCo.,Ltd.	10,000.00	10,000.00
Otheraccountpayable	ChanghongHuayiCompressorCo.,Ltd.	1,598,900.00	1,598,900.00
Otheraccountpayable	SichuanChanghongPackagePrintingCo.,Ltd.	50,000.00	50,000.00
Otheraccountpayable	SichuanChanghongPrecisionElectronicsTech.Co.,Ltd.	3,660.04	145.16
Otheraccountpayable	SichuanChanghongMinshengLogisticsCo.,LTD	586,504.95	586,504.95
Otheraccountpayable	CHANGHONG(HK)TRADINGLIMITED	5,732.90	65,200.87
Otheraccountpayable	SichuanChanghongDevicesTechnologyCo.,Ltd.	50,000.00	50,013.43
Otheraccountpayable	SichuanChanghongXinruiTechnologyCo.,Ltd	200,000.00	200,000.00
Otheraccountpayable	081ElectronicGroup	131.97	169.00
Otheraccountpayable	SichuanJiahongIndustrialCo.,Ltd.	15,435.04	
Otheraccountpayable	GuangdongChanghongElectronicsCo.,Ltd.	25,261.40	18,442.44
Otheraccountpayable	SichuanChanghongIntelligentManufacturingTechnologyCo.,Ltd.	304,741.00	272,961.00
Otheraccountpayable	MianyangHighlyElectricCo.,Ltd.		109,709.75
Otheraccountpayable	SichuanChangheTechnologyCo.,Ltd.	100,000.00	100,000.00
Otheraccountpayable	SichuanChangxinRefrigerationPartsCo.,Ltd.	50,000.00	50,000.00
Otheraccountpayable	HunanGrand-proIntelligentTechnologyCo.,Ltd.	199,982.00	
	<b>Total</b>	<b>1,064,552,112.04</b>	<b>731,607,738.10</b>

**(IV) Commitments from related parties: Nil**

**XII. Share-based payment: Nil**

**XIII. Contingency**

1. Pending action or possible liabilities formed from arbitration: Nil

2. Contingency from external guarantee: Nil

3. Other contingency: Nil

**XI. Commitments: Nil**

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### XV.Eventsoccurringafterthebalancesheetdate

- 1.Importantnon-adjustmentitems:Nil
- 2.Profitdistribution:Nil
- 3.Majorsalesreturn:Nil
- 4.Otherthantheabovementionedevents,theCompanyhavenoothereventsoccurredafterbalancesheetdate.

### XIII.Othersignificantmatters

- 1.Correctionofpreviousperiodsandinfluence:Nil
- 2.Debtrestructuring:Nil
- 3.Assetsreplacement:Nil
- 4.Pensionplan:Nil
- 5.Discontinuingoperation:Nil
- 6.Branchinformation

In10thousandYuan

Item	Iccumber	AC	Marketing	Smallhome appliances	Other	Salesinbranch	Total
Operationincome	427,920.09	464,618.09	49,055.14	25,407.21	14,032.09	53,881.66	<b>927,150.96</b>
Including::Incomefromtradingoutsidede	383,067.46	464,524.92	49,055.14	25,276.40	5,227.04		<b>927,150.96</b>
Incomefromtradinginbranch	44,852.63	93.16		130.81	8,805.06	53,881.66	
Operationexpenses	430,202.46	455,988.51	44,307.83	24,841.07	12,586.15	46,752.60	<b>921,173.42</b>
Operationprofit	-2,282.37	8,629.58	4,747.30	566.14	1,445.95	7,129.06	<b>5,977.54</b>
Totalassets	1,219,555.28	678,032.88	14,175.44	31,583.27	20,004.92	214,795.02	<b>1,748,556.77</b>
Totalliability	725,437.45	526,246.78	30,791.25	18,746.40	9,049.46	77,721.69	<b>1,232,549.65</b>
Supplementaryinformation							
Depreciationandamortizationexpenses	7,323.11	3,161.99	7.12	221.41	417.72	19.37	<b>11,111.98</b>
Capitalexpenditure	21,169.56	17,760.21	4.91	167.95	668.46		<b>39,771.09</b>
Non-cashexpenseexceptfordepreciationandamortization	44,020.37	54,958.48	-1,629.78	2,035.74	1,665.31	28.57	<b>101,021.55</b>

- 7.Othermajortransactionsandeventsshowsimpactoninvestor'sdecision-making:Nil

### XVII.Notestomainitemsoffinancialstatementofparentcompany

- 1.Accountreceivable

(1)Categoryoffaccountreceivable

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Category	Ending amount				Bookvalue
	Bookbalance		Baddebtprovision		
	Amount	Ratio	Amount	Ratio	
Accountreceivablewithsinglesignificant amountandwithdrawalsingleitembaddebtprovision					
Accountreceivablewithdrawalbaddebtprovisionbycombination					
Combination1	65,292,401.77	6.35%	3,588,850.08	5.50%	61,703,551.69
Combination2	957,663,111.60	93.09%			957,663,111.60
CombinationSubtotal	1,022,955,513.37	99.44%	3,588,850.08	0.35%	1,019,366,663.29
Accountreceivablewithsingleminor amountbutwithdrawalsingleitembaddebtprovision	5,811,493.46	0.56%	1,225,430.14	21.09%	4,586,063.32
<b>Total</b>	<b>1,028,767,006.83</b>	<b>100.00%</b>	<b>4,814,280.22</b>	<b>0.47%</b>	<b>1,023,952,726.61</b>

(Continued)

Category	Opening amount				Bookvalue
	Bookbalance		Baddebtprovision		
	Amount	Ratio	Amount	Ratio	
Accountreceivablewithsinglesignificant amountandwithdrawalsingleitembaddebtprovision					
Accountreceivablewithdrawalbaddebtprovisionbycombination					
Combination1	60,561,254.24	4.40%	3,219,635.79	5.32%	57,341,618.45
Combination2	1,311,301,579.72	95.23%			1,311,301,579.72
CombinationSubtotal	1,371,862,833.96	99.63%	3,219,635.79	0.23%	1,368,643,198.17
Accountreceivablewithsingleminor amountbutwithdrawalsingleitembaddebtprovision	5,118,727.55	0.37%	890,957.46	17.41%	4,227,770.09
<b>Total</b>	<b>1,376,981,561.51</b>	<b>100.00%</b>	<b>4,110,593.25</b>	<b>0.30%</b>	<b>1,372,870,968.26</b>

1) No account receivable with single significant amount and withdrawal bad debt provisions single at period-end.

2) Account receivable with bad debt provision accrual by aging account in combination 1

Accountage	Ending balance		
	Accountreceivable	Baddebtprovision	Provisionratio(%)
Within 1 year	64,085,146.23	3,204,257.31	5%
1-2 years	779,775.19	116,966.28	15%
2-3 years	58,343.91	20,420.37	35%
3-4 years	270,956.26	149,025.94	55%

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

4-5years			85%
Over5years	98,180.18	98,180.18	100%
<b>Total</b>	<b>65,292,401.77</b>	<b>3,588,850.08</b>	

### 3) Account receivable without bad debt provision withdrawal in combination 2

Combination	Book balance
Connected amount between related parties	729,899,563.55
Account receivable with L/C	55,769,913.27
Account receivable already insured	171,993,634.78
<b>Total</b>	<b>957,663,111.60</b>

4) As for the receivable with single minor amount at period-end, and withdrawal bad debt provision independently, they include the account receivables with single minor amount, and after accrual bad debts by combination, the amount did not reflect the risks characteristics, there are 3 clients included

### (2) Provision, reversal (or recovery) of bad debt provision

Bad debt provision of 1,128,771.25 Yuan accrual in the period; bad debt provision has 425,084.28 Yuan reversed

(3) No account receivable actually written-off at period-end.

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

(5) The top five account receivable at period-end has RMB 696,151,212.09 in total, a 67.67% in total account receivable, bad debt provision accrual at period-end amounted as RMB 2,415,305.94

(6) Account receivable de-recognized: Nil

## 2. Other account receivable

### (1) Category of other account receivable

Category	Ending amount				Book value
	Book balance		Bad debt provision		
	Amount	Ratio	Amount	Ratio	
Other account receivable with single significant amount and withdrawal single item bad debt provision					
Other account receivable withdrawal bad debt provision by combination					
Combination 1	527,677.68	1.20%	77,778.56	14.74%	449,899.12
Combination 2	43,471,216.34	98.80%			43,471,216.34
Combination Subtotal	43,998,894.02	100.00%	77,778.56	0.18%	43,921,115.46

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Otheraccountreceivablewithsingleminoramountbutwithdrawalsingleitembaddebtprovision					
<b>Total</b>	<b>43,998,894.02</b>	<b>100.00%</b>	<b>77,778.56</b>	<b>0.18%</b>	<b>43,921,115.46</b>

(Continued)

Category	Openingamount				Bookvalue
	Bookbalance		Baddebtprovision		
	Amount	Ratio	Amount	Ratio	
Otheraccountreceivablewithsinglesignificantamountandwithdrawalsingleitembaddebtprovision					
Otheraccountreceivablewithdrawalbaddebtprovisionbycombination					
Combination1	1,384,957.79	3.45%	261,120.97	18.85%	1,123,836.82
Combination2	38,725,895.54	96.55%			38,725,895.54
CombinationSubtotal	40,110,853.33	100.00%	261,120.97	0.65%	39,849,732.36
Otheraccountreceivablewithsingleminoramountbutwithdrawalsingleitembaddebtprovision					
<b>Total</b>	<b>40,110,853.33</b>	<b>100.00%</b>	<b>261,120.97</b>	<b>0.65%</b>	<b>39,849,732.36</b>

1)Nootheraccountreceivablewithsinglesignificantamountandnowithdrawalbaddebtprovisionsingleatperiod-end

2)Otheraccountreceivablewithwithdrawalbaddebtprovisionbyagingaccountforcombination1

Accountage	Endingbalance		
	Otheraccountreceivable	Baddebtprovision	Provisionratio(%)
Within1year	106,362.08	5,318.10	5%
1-2years	400,000.00	60,000.00	15%
2-3years	11,315.60	3,960.46	35%
3-4years			55%
4-5years	10,000.00	8,500.00	85%
Over5years			100%
<b>Total</b>	<b>527,677.68</b>	<b>77,778.56</b>	

3)Otherreceivablewithoutbaddebtprovisionwithdrawalincombination2

Combination	Bookbalance
Connectedamountbetweenrelatedparties	9,047,011.48
Loansofemployee'sprettycash	9,060,519.04
Exporttaxrefundreceivable	25,363,685.82
<b>Total</b>	<b>43,471,216.34</b>



## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

4) No other account receivable with single minor amount but with withdrawal bad debt provision singly, refer to the minor single receivables at period-end.

(2) Accrual, reversal (or collection) of reserve for bad debts in the period

Prepare for bad debt provision amounted as 183,342.41 Yuan in the period and no bad debts reversal or collected in the period

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

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

(5) Top 5 other account receivable has RMB 35,360,513.10 in total, a 80.37% in total account receivable at period-end, no bad debts accrual correspondingly

(6) Other receivables classify by nature

Nature	Ending book balance	Opening book balance
Related parties	9,047,011.48	7,896,779.76
Loans of employee's pretty cash	9,060,519.04	4,507,472.94
Margin		640,306.68
Other	527,677.68	744,651.11
Export rebate	25,363,685.82	26,321,642.84
<b>Total</b>	<b>43,998,894.02</b>	<b>40,110,853.33</b>

(7) Other receivable de-recognized: Nil

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### 3.Long-termequityinvestments

#### (1)Classificationoflong-termequityinvestments

Item	Endingbalance			Openingbalance		
	Bookbalance	Impairmentloss	Bookvalue	Bookbalance	Impairmentloss	Bookvalue
<b>Investmentinsubsidiaries</b>						
ZhongkeMeilingCryogenicTechnologyCo.,Ltd	42,652,000.00		42,652,000.00	42,652,000.00		42,652,000.00
MianyangMeilingRefrigerationCo.,Ltd.	95,000,000.00		95,000,000.00	95,000,000.00		95,000,000.00
HefeiMeilingApplianceMarketingCo.,Ltd	54,900,000.00		54,900,000.00	54,900,000.00		54,900,000.00
ZhongshanChanghongHomeAppliancesCompanyLimited	169,856,419.37		169,856,419.37	169,856,419.37		169,856,419.37
SichuanChanghongAirConditionerCo.,Ltd	955,600,437.79		955,600,437.79	955,600,437.79		955,600,437.79
HefeiMeilingGroupHoldingCo.,Ltd.	113,630,000.00		113,630,000.00	113,630,000.00		113,630,000.00
JiangxiMeilingElectricApplianceCo.,Ltd.	79,000,000.00		79,000,000.00	79,000,000.00		79,000,000.00
GuangdongChanghongRidianTechnologyCo.,Ltd.	90,802,061.95		90,802,061.95	90,802,061.95		90,802,061.95
ChangmeiTechnologyCo.,Ltd.	48,128,000.00		48,128,000.00	32,424,000.00		32,424,000.00
MeilingCandyWashingMachineCo.,Ltd.	60,000,000.00		60,000,000.00	45,000,000.00		45,000,000.00
<b>Investmentinassociates</b>						
HefeiXingmeiAssetsManagementCo.,Ltd.	9,838,878.89		9,838,878.89	10,696,982.04		10,696,982.04
SichuanZhiyijiaNetworkTechnologyCo.,Ltd.	18,393,240.34		18,393,240.34	15,445,914.69		15,445,914.69
<b>Total</b>	<b>1,737,801,038.34</b>		<b>1,737,801,038.34</b>	<b>1,705,007,815.84</b>		<b>1,705,007,815.84</b>

#### (2)Investmentinsubsidiaries

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Invested unit	Opening balance	Increased during the period	Decreased during the period	Ending balance	Provision for impairment losses	Ending balance of impairment losses
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 Appliance Marketing Co., Ltd.	54,900,000.00			54,900,000.00		
Zhongshan Changhong Home Appliances Company Limited	169,856,419.37			169,856,419.37		
Sichuan Changhong Air Conditioner Co., Ltd.	955,600,437.79			955,600,437.79		
Hefei Meiling Group Holding Co., Ltd.	113,630,000.00			113,630,000.00		
Jiangxi Meiling Electric Appliance Co., Ltd.	79,000,000.00			79,000,000.00		
Guangdong Changhong Ridian Technology Co., Ltd.	90,802,061.95			90,802,061.95		
Changmei Technology Co., Ltd.	32,424,000.00	15,704,000.00		48,128,000.00		
Meiling Candy Washing Machine Co., Ltd.	45,000,000.00	15,000,000.00		60,000,000.00		
<b>Total</b>	<b>1,678,864,919.11</b>	<b>30,704,000.00</b>		<b>1,709,568,919.11</b>		

### (3) Investment in associates

Invested unit	Opening balance	Changes in the 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 loss	Provision for impairment losses			Other
Hefei Xingmei Assets Management Co., Ltd.	10,696,982.04			-858,103.15						9,838,878.89	
Sichuan Zhiyijia Network Technology Co., Ltd.	15,445,914.69			2,947,325.65						18,393,240.34	
<b>Total</b>	<b>26,142,896.73</b>			<b>2,089,222.50</b>						<b>28,232,119.23</b>	

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### 4. Operation income and operation cost

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main business	3,529,955,814.19	3,105,570,442.13	3,544,613,227.13	3,199,404,365.71
Other business	863,289,287.86	848,332,244.82	584,995,125.37	575,965,090.55
<b>Total</b>	<b>4,393,245,102.05</b>	<b>3,953,902,686.95</b>	<b>4,129,608,352.50</b>	<b>3,775,369,456.26</b>

#### (1) Classified according to product

Product	Current Period		Last Period	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator and freezer	3,394,705,796.60	2,987,586,636.93	3,279,271,848.62	2,971,360,809.10
Washing machine	25,008,996.72	21,848,498.47	176,232,144.12	151,753,972.11
Small household appliances and kitchen and bathroom	110,017,918.11	96,072,502.05	89,105,560.29	76,286,085.40
Other	223,102.76	62,804.68	3,674.10	3,499.10
<b>Total</b>	<b>3,529,955,814.19</b>	<b>3,105,570,442.13</b>	<b>3,544,613,227.13</b>	<b>3,199,404,365.71</b>

#### (2) Classified according to region

Regions	Current Period		The same period of Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	2,561,293,594.65	2,209,857,770.73	2,457,823,202.55	2,162,505,987.73
Overseas	968,662,219.54	895,712,671.40	1,086,790,024.58	1,036,898,377.98
<b>Total</b>	<b>3,529,955,814.19</b>	<b>3,105,570,442.13</b>	<b>3,544,613,227.13</b>	<b>3,199,404,365.71</b>

Top five clients in sales revenue amounted as RMB2,174,063,414.70, a 49.49% in total operation income.

### 5. Investment income

Item	Current Period	Last Period
Long-term equity investment income by cost method	2,754,000.00	
Long-term equity investment income by equity method	2,089,222.50	3,105,463.66
Investment income arising from disposal of the long-term equity investment		2,506.98
Investment income arising from period of holding the long-term equity investment		
Investment income from disposal of financial assets, which is measured by fair value and with its variation reckoned into current gains/losses	-15,224,324.37	7,232,183.50
Investment income during holding the financial assets available for sale	34,331,691.42	19,389,929.81
<b>Total</b>	<b>23,950,589.55</b>	<b>29,730,083.95</b>

## XVIII. Approval of financial statement

The financial statement has already been approved from the board of directors of the Company for reporting dated 14 August 2018.

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

### Supplementary information for financial statement

#### 1. Non-operational gains and losses for this year

(1) Non-recurring gains and losses regulated by Explanation Announcement of Information Disclosure on Stock Issuance Enterprise No. 1—Non-recurring gains/losses (2008) from CSRC:

Item	Current Period	Note
Gains and losses from disposal of non-current assets	3,283,766.57	
Tax refund or mitigated due to examination and approval beyond power or without official approval document or accident		
Government subsidy recorded in current gains and losses	46,107,868.54	
Capital occupancy expense, collected from non-financial enterprises and recorded in current gains and losses		
Income from the exceeding part between investment cost of the Company paid for obtaining subsidiaries, associates and joint-ventures and recognizable net assets fair value attributable to the Company when acquiring the investment		
Gains and losses from exchange of non-monetary assets		
Gains and losses from assets under trusted investment management		
Various provision for impairment of assets withdrew due to act of God, such as natural disaster		
Gains and losses from debt restructuring		
Enterprise reorganization expense		
Gains and losses of the part arising from transaction in which price is not fair and exceeding fair value		
Current net gains and losses occurred from period-began to combination day by subsidiaries resulting from business combination under common control		
Gains and losses arising from contingent proceeding irrelevant to normal operation of the Company		
Except for effective hedge business relevant to normal operation of the Company, gains and losses arising from fair value change of tradable financial assets and tradable financial liabilities, and investment income from disposal of tradable financial assets, tradable financial liabilities and financial assets available for sale	11,632,885.79	
Switch-back of provision of impairment of account receivable which are treated with separated depreciation test	1,486,361.71	
Gains and losses obtained from external trusted loans		
Gains and losses arising from change of fair value of investment real estate whose follow-up measurement are conducted according to fair value pattern		
Affect on current gains and losses after a one-time adjustment according to requirements of laws and regulations regarding taxation and accounting		
Trust fee obtained from trust operation		
Other non-operating income and expenditure except for the aforementioned ones	3,816,311.33	
Other gains and losses items complying with definition for non-current gains and losses		

## Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2018 to 30 June 2018

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

Subtotal	
Affectonincometax	8,548,674.56
Affectonminorityequity(aftertaxation)	494,185.82
<b>Total</b>	<b>57,284,333.56</b>

### 2. Return on equity and earnings per share

In accordance with requirement of the No. 9 Rule of Information Disclosure Compiling of Public Listed Companies: Calculation and Disclosure of Return on Equity and Earnings per Share (revised in 2010), the weighted average return on equity, basic earnings per share and diluted earnings per share of the Company in 2017 are as follows:

Profit during the report period	Weighted average return on equity	Earnings per share/ EPS (RMB/Share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of parent company	1.00%	0.0485	0.0485
Net profit attributable to shareholders of parent company after deduction of non-recurring gains and losses	-0.13%	-0.0063	-0.0063

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

4. Supplementary information for accounting policy changed: Nil

## Section XI Documents available for Reference

I. Text of Semi-Annual Report carrying the signatures of the Chairman;

II. Financial statement carrying the signatures and seals of the Chairman, Vice President and person in charge of finance, and person in charge of accounting organ (accountant in charge);

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

The aforesaid documents are all available at headquarter of the Company. The Company would provide them timely when CSRC and Shenzhen Stock Exchange require or the shareholders need consultation according to the regulations and Articles of Association.

Chairman: Li Wei

ChangHong Meiling Co., Ltd.

15 August 2018