

长虹美菱股份有限公司

CHANGHONG MEILING CO., LTD.

MELING 美菱

二〇一八年年度报告
Annual Report 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, Chairman 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 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

Shine Wing Certified Public Accountants Co., Ltd. (LLP) issued standard unqualified Auditors' Report for the Company's Financial Report of 2018.

Major defects in internal control

Applicable Not applicable

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

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

Applicable Not applicable

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

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

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

Securities Times, China Securities Journal, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn) are the media for information disclosure for year of 2019 that appointed by the Company. All public information under the name of the Company disclosed on the above said

media and website shall prevail, and investors are advised to exercise caution.

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

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

Applicable Not applicable

Whether has capitalizing of common reserves carried out

Yes No

The profit distribution plan for year of 2018, that deliberated and approved by 20th session of the 9th BOD was: take total shares of 1,044,597,881 shares as base dated 31 December 2018, distributed 0.6 Yuan (tax included) bonus in cash for every 10-share hold by all shareholders, no share bonus issued and no capitalizing of common reserves carried out.

Directors and senior executives of the Company respectively signed Written Confirmation Opinions for 2018 Annual Report.

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

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Paraphrase

Items	Refers to	Contents
Company, The Company, Meiling Electric or 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 Compressor	Refers to	Changhong Huayi Compressor Co., Ltd.
Meiling CANDY	Refers to	Meiling CANDY Washing Machine Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
Anhui Securities Bureau	Refers to	China Securities Regulatory Commission, Anhui Province Securities Regulatory Bureau
SSE	Refers to	Shenzhen Stock Exchange

Section II Company Profile and Main Financial Indexes

I. Company 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		
Registrations add.	No. 2163, Lianhua Road, Economic and Technology Development Zone, Hefei		
Code for registrations add	230601		
Offices add.	No. 2163, Lianhua Road, Economic and Technology Development Zone, Hefei		
Codes for office add.	230601		
Website	http://www.meiling.com		
E-mail	info@meiling.com		

II. Person/Way to contact

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

III. Information disclosure and preparation place

Newspaper appointed for information	<i>Securities Times, China Securities Journal, Hong Kong</i>
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disclosure	Commercial Daily
Website for annual report publish appointed by CSRC	Juchao website: http://www.cninfo.com.cn
Preparation place for annual report	Room of secretary of the Board, 2/F , administrative center, Office building of the Company

IV. Registration changes of the Company

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

	<p>Agreement of Equity Transfer of Meiling Electric” respectively with Sichuan Changhong and Changhong Group, among the 123,396,375 shares held by Meiling Group, 82,852,683 shares were transferred respectively to Sichuan Changhong and Changhong Group according to the transfer way regulated in agreement; of this transferring, 45,000,000 shares (10.88% of total share capital of the Company) were transferred to Sichuan Changhong, the first largest shareholder of the Company while 37,852,683 shares (9.15% of total share capital of the Company) were transferred to Changhong Group, the third largest shareholder of the Company.</p> <p>6. On 29 October 2008, Changhong Group and Sichuan Changhong entered into “Equity Transfer Agreement of Hefei Meiling Co., Ltd.”, the 32,078,846 restricted circulations A shares of Meiling Electric held by Changhong Group were transferred by agreement to Sichuan Changhong. On 23 December 2008, the aforesaid equity transfer was approved by “Reply on Matters of Equity held by State-owned Shareholders of Hefei Meiling Co., Ltd.” (GZCQ(2008) No.: 1413) from SASAC; on 21 January 2009, the aforesaid transfer was registered for ownership transfer in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. With this, the first majority shareholder of the Company comes to Sichuan Changhong.</p> <p>7. Ended as 31 December 2018, Sichuan Changhong and its concerted action Changhong HK totally holds 279,200,104 shares of the Company, a 26.73% in total share capital of the Company; Sichuan Changhong directly holds 246,301,524 A-share of the Company, a 23.58% in total share capital of the Company while Changhong HK holds circulation B-share of the Company amounting as 32,898,580 shares, a 3.15% in total share capital of the Company.</p> <p>8. Ended as 27 March 2019, Sichuan Changhong and its concerted action Changhong HK totally holds 281,832,434 shares of the Company, a 26.98% in total share capital of the Company; Sichuan Changhong directly holds 248,457,724 A-share of the Company, a 23.79% in total share capital of the Company while Changhong HK holds circulation B-share of the Company amounting as 33,374,710 shares, a 3.19% in total share capital of the Company.</p>
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V. Other relevant information

(I) CPA engaged by the Company

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

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

Applicable Not applicable

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

Applicable Not applicable

VI. Main accounting data and financial indexes

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

Yes No

	2018	2017	Changes over last year	2016
Operating income (RMB)	17,490,174,950.01	16,797,436,757.36	4.12%	12,526,710,867.49
Net profit attributable to shareholders of the listed company (RMB)	38,658,256.97	32,473,204.92	19.05%	220,216,680.96
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-3,142,791.01	-97,705,959.02	96.78%	158,461,015.10
Net cash flow arising from operating activities (RMB)	-220,560,615.36	-551,501,994.74	60.01%	985,390,895.63
Basic earnings per share (RMB/Share)	0.0370	0.0311	18.97%	0.2717
Diluted earnings per share (RMB/Share)	0.0370	0.0311	18.97%	0.2717
Weighted average ROE	0.77%	0.64%	0.13 percent point increase	5.77%
	End of 2018	End of 2017	Changes over end of last year	End of 2016
Total assets (RMB)	15,561,810,184.54	15,961,511,966.81	-2.50%	12,507,567,310.84
Net assets attributable to shareholder of listed company (RMB)	5,015,730,486.57	5,051,066,095.31	-0.70%	5,095,160,291.91

The cause of the accounting policy change and accounting error correction

Applicable Not applicable

Whether have corporate bonds or not

Yes No

VII. Accounting data difference under domestic and foreign accounting standards

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

Applicable Not applicable

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

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

Applicable Not applicable

In RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Amount in this period	Amount in last period	Amount at period-end	Amount at period-begin
Chinese GAAP	38,658,256.97	32,473,204.92	5,015,730,486.57	5,051,066,095.31
Items and amount adjusted by foreign accounting rules				
Foreign accounting rules	38,658,256.97	32,473,204.92	5,015,730,486.57	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.

VIII. Quarterly main financial index

In RMB

	1 st Q	2 nd Q	3 rd Q	4 th Q
Operating income	4,245,506,565.60	5,026,003,004.07	3,977,110,177.70	4,241,555,202.64
Net profit attributable to shareholders of the listed company	56,261,852.68	-5,577,620.95	14,954,274.39	-26,980,249.15
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	23,011,689.73	-29,611,791.56	-5,122,046.17	8,579,356.99
Net cash flow arising from operating activities	-771,375,311.87	931,864,672.93	80,738,009.49	-461,787,985.91

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

Yes No

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

Applicable Not applicable

In RMB

Item	2018	2017	2016	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	787,721.32	-8,203,782.90	9,265,320.01	See “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 business)	90,401,997.63	68,403,702.36	41,152,549.66	”See “Other income” and “Non-operation income”
Gains and losses arising from contingent proceedings irrelevant to normal operation of the Company	-13,050,649.33			”See “Non-operation expenditure”
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	-18,928,688.87	92,846,391.02	11,500,963.72	See “Gains/losses from change of fair value” and “Investment income”

available for sales, exclude the effective hedging business relevant with normal operations of the Company				
Switch-back of provision of impairment of account receivable which are treated with separate depreciation test	2,543,553.45			See "Account receivable/Other receivable"
Other non-operating income and expenditure except for the aforementioned ones	-2,614,761.68	2,680,908.22	4,948,619.55	See "Non-operation income & expenditure"
Gains/losses items qualified definition of the non-recurring gains/losses			3,798,660.03	See "Investment income"
Less: impact on income tax	16,236,806.66	24,087,520.95	8,534,266.32	
Impact on minority shareholders' equity (post-tax)	1,101,317.88	1,460,533.81	376,180.79	
Total	41,801,047.98	130,179,163.94	61,755,665.86	--

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?

Yes No

(I) Main businesses of the Company

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

Over the past 30 years, the Company has always been adhering to the "independent innovation, created in China", and always focus on refrigeration industry without stop, elaborately building the core competitiveness of enterprises by technological innovation and product innovation. 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, refreshment, thin-wall, 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 "refreshment", "thin-wall" and energy efficiency upgrades and effectively resolving the pain points of customers. Under the guidance of the "intelligent" strategy, in 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 second-generation of CHiQ's - "Space Smart" refrigerator and CHiQ smart air housekeeper system; In 2018, the

company released the CHiQ third-generation refrigerator equipped with artificial intelligence and automatic door technology and CHiQ5 air-conditioning products, which realized the continuous implementation of the company's intelligent strategy. At the same time, for the younger consumers, the company released the youth refrigerator. In addition, in order to return to the essence of "retaining freshness" of refrigerators, the company launched the "M Fresh Life" series of refrigerators equipped with water molecule activation and preservation technology in 2017, and developed comprehensive thin GLS integration technology based on the upgrade of water molecule activation and preservation technology, in February 2019, the company has released the M Fresh Life comprehensive thin series products with thin body, thin box and thin door, the thin wall technology realized the productization and marketization. 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. The above mentioned release and listing products have upgrade the product structure of the Company, which 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, small home appliances and kitchen & toilet products etc., total amounting to 16,147.8573 million Yuan, a 92.33% of the operating income.

(II) Conditions of the industry the company involved

The home appliance industry is experiencing its renewal period, industry competition intensified and brand concentration gets further improve. With the upgrading of consumption structure and ideas, the period of upgrading turns to be high-end oriented and intelligent oriented. Meanwhile, with the development of urbanization and the improvement of living standards, the age of quality consumption has coming, the new consumer groups pay more attention to high-quality, intelligent and healthy environmental protection products. The appliance industry facing severe challenges and opportunities for development in 2018, mainly have follow presentations:

1.refrigerator industry

The popularity degree of refrigerators in domestic households is relatively high, and the national policy has basically ended the privilege period of the refrigerator industry, meanwhile, affected by the real estate market regulation policy, the new demand for refrigerators has slowed down. All View Cloud (AVC) omnichannel data showed that the retail sales of the refrigerator market in 2018 was 96.8 billion yuan, an increase of 3.2% on a year-on-year basis, and the retail volume was 32.99 million units, a decrease of 2.3% on a year-on-year basis, and the growth trend showed a growth in the first and second quarters and a decline in the third and fourth quarters. Despite the sluggish market demand, the product innovation in the refrigerator market has never stopped. The products in 2018 have been further optimized on the basis of differentiated door, free embedding and fresh-keeping functions, and the product development trend has moved towards functionalization, detailing and elaboration. The competition has intensified in the high-end market. In 2018, the domestic refrigerator market has accelerated its consumption upgrades. Major brands have launched brand-named fresh-keeping products to develop the high-end markets, the competitive advantage of refrigerator market is rapidly inclining to the premium brands, and the Matthew Effect is growing. At the same time, the upgrade of refrigerator consumption in the primary and secondary markets is rapidly transmitting to the third-tier and fourth-tier markets, and the market potential is shifting to the third- and fourth-tier markets. At the same time, the market is also divided and grading, and the era of consumer grading is coming.

2. Industry situation of air conditioning products

After more than two consecutive years of high growth, in 2018, affected by the trade friction between China and the United States, coupled with the slowdown in domestic economic growth, the anxiety has been spreading and deepening, and the domestic air-conditioning market has entered a downward cycle, the industrial competition has intensified. At the beginning in the second half of 2018, the average price increase of air conditioners slowed down noticeably, and the average price of most air conditioners began to decline.

Under the unfavorable macro environment in economy and real estate, household air conditioners still achieved positive growth throughout the year, and the retail scale exceeded 200 billion yuan. All View Cloud (AVC) omnichannel data showed that the retail volume of the air-conditioning market in 2018 was about 57.03 million sets, an increase of 1.6% on a year-on-year basis. Under the background of consumption upgrade and industrial structure upgrade, the retail sales were 201 billion yuan, an increase of 4.1% on a year-on-year basis. In terms of market growth trend, the retail sales in the first half of the year increased by 15.5%. In the peak season in July, the market growth rate was sharply affected by temperature and rainfall, with a decline for four consecutive months. In November, the decline was stopped by the big sales, the air conditioning market had a tendency of “first high then low” throughout the year. In the product mix, in addition to frequency conversion and artistic design, energy-saving products are the focus of structural upgrading of the air-conditioning industry this year. From the perspective of market research and analysis, the potential demand for energy-saving products by potential users in the future is obviously improving.

3. Industry situation of washing machine

The competition in the washing machine market in 2018 was still very intense. The industry centralization pattern was further stabilized, and the upgrading trend of each subdivision type structure was obvious. The roller washing and drying machine increased rapidly, and the products have been developing towards roller, large volume, frequency conversion and intelligence. All View Cloud (AVC) omnichannel data showed that the retail sales of the washing machine market in 2018 were 74.5 billion yuan, a rise of 3.7% on a year-on-year basis. The washing machine market has shifted from the incremental market to the stock market, and the upgrade has become the industry-driven engine. The washing and drying integration and the large washing capacity have become the two main directions for upgrading in 2018.

Generally speaking, in the context of the weak recovery of the world economy and the new normal of China's economic development, China's economic situation in 2018 was generally stable and made steady progress. But the home appliance industry was in a state of stagflation, due to factors such as further strengthening of the industry's brand concentration, rising raw material and logistics costs, upgrading of consumer demand structure, and cross-border impact of internet enterprises, the industry was facing accelerated reshuffles, and challenges such as oligopolistic competition, product and business model transformation and upgrading. Therefore, in the era of quality consumption, high end and intelligence have become the inevitable choice for the development of the home appliance industry.

II. Major changes in main assets

(i) Major changes in main assets

Major assets	Note of major changes
Equity assets	Losses from joint venture in the period
Fixed assets	Mainly due to the increase in the transfer of the company's construction in progress during the period.
Intangible assets	No major changes
Construction in progress	Construction in progress have more investment by parent company and subsidiary Changhong Air-conditioner 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 the Company	Whether exist significant impairment risk (Y/N)
60% equity of Changhong Ruba Trading	Investment established	US\$ 7.803 million	Pakistan	Sales	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media	-2,342,851.01	0.64%	N

Company	shment				(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			
40% equity of Changhong Ruba Electric Company(Private)Ltd.	Investment establishment	US\$ 6.9761 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	-15,129,056.84	0.18%	N
100% equity of CHANGHONG MEILING ELECTRIC INDONESIA. PT	Investment establishment	US\$ 6 million	KELAPA GADING, JKT, Indonesia	Sales	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media (No. 2016-027 and No. 2016-033) on 25 March 2016	-6,452,403.34	0.48%	N
Other notes	N/A							

III. Core Competitiveness Analysis

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

Yes No

1. Brand capacity

The Company is one of the famous home appliances manufacturers in the PRC, owns several product lines such as refrigerator, freezing box and air conditioner. Meiling trademark is listed as one of the most valuable brands in the PRC, well-known trademark in China; the trademark “Athena” in refrigerator, freezer (services) of the Company was recognized as the famous mark in Anhui Province. The Company released CHiQ intelligent first and second generation refrigerator, AC and intelligent air steward in succession since 2014. 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 "MELING 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 a “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; In October 2018, the M Fresh Life voice intelligent refrigerator equipped with full voice interaction technology was launched. At the same time, CHiQ5 air conditioners integrated with three core functions of listening sound for person recognition, voice positioning and listening sound for speed adjustment were released. In November 2018, the company’s world-first youth refrigerator further enhanced the company’s younger brand image; in February 2019, the company released the “M Fresh Life” comprehensive thin series products, continuing to inherit the brand effect of M Fresh Life.

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.

2. 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 “MELING 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; on the basis of upgrading the water molecule activation and preservation technology, the company developed a comprehensive thin GLS integration technology to realize the M Fresh Life comprehensive thin series products with thin body, thin box and thin door.

The Company owned advanced development and quality assurance systems, passed management system certification of ISO9001 and ISO14001. The products of the Company have good quality and reliable capacities. As for technology development, the Company has a national-standard technology center, and vigorously invest in basic technology research; and in the field of intelligence, air cooling, refreshment, frequency conversion, thin-wall, energy-saving and copious cooling, we has an advance core technology that leading the industry. 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, refreshment and thin-wall, 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 Meiling520 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. Benefiting from the advanced application of swirling waterfall washing technology, washing solution residue are reduced greatly, rinsing are more and more neat and tidy with clothing wash in protection

In terms of kitchen and small appliance products, the Company has taken the concept of "smart kitchen" as the mainline, focus on creation of eco-chain of "water ecological appliances". Eyes 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 CHiQ 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, we strengthened system innovation and rapidly enhanced our core competitiveness by focusing on life science, wisdom cold chain and family health. The company continued to increase investment in research and development of cryogenic products and promoted the upgrade of technology 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 products; 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.

3. 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.

4. 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, benefit from the systematic construction and promotion of business operation mode, the pace of business this year constantly tends to be benign; we has a balanced development in chain, wholesale, e-commerce and other channels, and the product competitiveness has been improved; meanwhile, the overseas market has been strengthened by increasing the investments in overseas marketing organizations, research and development bases and production bases, cooperate with internationally-known home appliance brand business and dealer, optimized the client structure and improve product structure, the company has been actively develop the overseas market, and the products have been exported to more than 130 countries and regions.

In 2018, as the company's star flagship machine, "M Fresh Life" series refrigerators established Meiling's unique fresh-keeping image and reputation in the industry by "one hundred stores sealed up for safekeeping", "ten thousand endorsement", "new product launch event" and other promotional activities. The company powerfully made the "M Fresh Life Phenomenon" through the close cooperation of technology, marketing and market and the diversified channels of communication, and the brand activity was significantly improved. In addition, the free trial at Jingdong and Tmall, and the "free trial by thousands of people" activities, and the food storage comparison

of “keeping the roses fresh for 33 days” shaped the high-end brand image of Meiling. 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”, which not only won 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 2018, the national economy continued to operate in a reasonable range, achieved an overall stability and made steady progress. At the same time, the economic operation also made changes in steady progress, and the external environment was complicated and severe, and the economy was facing downward pressure. 2018 was the 40th anniversary of the reform and opening up policy. In the past 40 years, China's household electrical appliance industry has achieved many achievements with the vigorous development of China's industry. However, due to the influence of macro environment and its own development cycle, coupled with multiple negative factors such as the tightening of real estate market, the upgrading of consumption structure, and the flat demand, the performance of the home appliance market in 2018 was not satisfactory, the growth rate of traditional home appliances such as refrigerators and washing machines obviously slowed down.

2018 , Facing the weak global economic recovery, the great fluctuations in raw materials and parts prices, the tightening of money market liquidity, and the sluggish demand in the home appliance market, the company had many difficulties in reform, innovation and transformation. Under the leadership of the board of directors and the joint efforts of all employees, the company adhered to the business policy of “product leadership, marketing transformation, efficiency improvement, team activation”, and promoted all important work of the company with a high degree of professionalism and sense of responsibility. In 2018, in response to the shortcomings and problems in the development process, the company targeted at the difficulties and pressures faced by the industry, and adopted targeted countermeasures under the leadership of the board of directors, promoting development by solving problems and solving problems by development, and achieved continuous improvement in product structure and steady progress in operation. At the same time, the company firmly grasped the mainstream of consumption upgrades and adhered to technological innovation, which significantly improved the product structure transformation and upgrading of the company.

II. Main Business Analysis

(i) Overview

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

Yes No

1. Introduction

Under the background that the growth of refrigerator market bore great pressure in 2018, the domestic sales growth rate of the company's refrigerator industry was ahead of the industry growth rate; market share continued to rise, and industry status has been significantly improved; product structure has been improved obviously; new channels have developed rapidly; and freezer product lines have risen on a year-on-year basis; the quality of operations in overseas markets has increased significantly. The air-conditioning industry overcame many adverse effects such as the market and the weather to achieve growth. The washing machine industry has already had product research and development capabilities, and the products have been serialized. The washing machine factory completed the phase I project and started working successfully, laying a foundation for the competitiveness promotion and sustainable development of the later products. Small household appliances, biomedical and other businesses have risen abruptly based on their accumulated strength, and the business synchronization achieved rapid growth.

In 2018, refrigerator and freezer business achieved revenue of approximately RMB 8.168 billion, 9.42% increased on a y-o-y basis; air-conditioning business achieved revenue of approximately RMB 6.777 billion, 3.26% down y-o-y; washing machine business achieve revenue around RMB 0.514 billion, with year-on-year decline of 27.19 %; other business of kitchen & toilet products and small home and Refrigeration accessories appliance have revenue approximately as RMB 1.000 billion with 19.34% up y-o-y. At the same time, revenue from exportation gains RMB 37.10 billion, a y-o-y decrease of 3.41%.

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

During the reporting period, in accordance with the development strategy and operating principles of “product leading, marketing transformation, efficiency enhancement and team activation” in 2018, the company has deployed the annual business plan, arranged the production and management, and carried out the following activities:

(1) Product leading

Along with the overall sluggish home appliance market, the trend of quality consumption upgrading became obvious, and the high-end transformation has become the key for major enterprises to get

out of the predicament. The company adhered to taking the needs of users as the starting point, and carefully built the core competitiveness of enterprises with technological innovation and product innovation to accelerate product upgrades. During the reporting period, the company carried out product upgrades around the two major product strategies of intelligence and frequency conversion, took breakthroughs in fresh-keeping, thin wall and energy efficiency upgrades, thereby comprehensively enhanced the competitiveness of products and further strengthened the advantages of frequency conversion differentiation. In terms of technical research, the company adhered to the basic research and upgrade of core technology, maintained the existing technological advantages, expanded the innovation and upgrade in technological field, achieved differentiated breakthroughs, and launched high-end products to lead the industry's wind vane.

In 2018, through the in-depth development of "M Fresh Life Series" and "Ultra-thin Wall Refrigerator", the company launched a number of M Fresh Life refrigerators, one M Fresh Life freezer, and five full thin wall products for trial production during the year, of which the research and development, manufacturing, supply chain and marketing were all highly efficient. In 2018, the company carried out the food storage comparison of M Fresh Life "keeping the roses fresh for 33 days", 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". In addition, in terms of air conditioning, intelligent and inverter air conditioner products played a leading role, and the application of the fourth generation technology of precise temperature control significantly improved the air conditioning comfort and greatly enhanced the user perception. Q3Ts cabinet that adopted the industry's first artificial intelligence image recognition, gesture recognition and other technologies not only won many awards in the industry, but also had outstanding market performance. Q5K cabinet adopted the new appearance with original seam-inspired wind design and equipped with the latest super-level fourth generation precision control technology platform to achieve the micro-seam comfort wind effect and enhance the user's comfortable experience.

In February 2019, the company released the "M Fresh Life" comprehensive thin series products. The company's "M Fresh Life" comprehensive thin series products continued to inherit the brand effect of "M Fresh Life", the comprehensive thin products was positioned as the "M Fresh Life" high-end series, and through the comprehensive upgrading of product technology, quality and performance and the upgrading of water molecule activation fresh-keeping technology, the company has developed a comprehensive thin GLS integration technology to achieve a thin body, a thin box and a thin door. In order to allow consumers to enjoy the higher quality experience, the

company is accelerating the “three promotions” action of quality, taste and brand so as to inject new vitality into the high-end consumer market.

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: market performance of vary products are meets the anticipation basically through the e-commerce transformation, value transformation, channel transformation, and organizational transformation of traditional business.

The company’s domestic sales of refrigerators, freezers, and washing machines outperformed the industry market, the product structure of refrigerators (freezers), air conditioners and washing machine has been optimized and upgraded, and the market position has been further consolidated and upgraded. CMM’s data showed that the retail sales of refrigerator industry declined by 5.57% on a year-on-year basis, but the retail sales of the company’s refrigerator declined by 4.20% on a year-on-year basis; the retail sales of freezer industry declined by 0.63% on a year-on-year basis, and the retail sales of the company’s freezer rose by 12.01% on a year-on-year basis; the retail sales of air-conditioner industry declined by 3.66% on a year-on-year basis, and the retail sales of the company’s air conditioner declined by 11.56% on a year-on-year basis; the retail sales of washing machine industry declined by 3.38% on a year-on-year basis, but the retail sales of the company’s washing machine rose by 4.26% on a year-on-year basis. At the same time, CMM’s data showed that the market share of the company’s refrigerator retail sales reached 8.99%, an increase of 0.17% on a year-on-year basis; the market share of freezer retail sales reached 10.53%, an increase of 1.24% on a year-on-year basis; the market share of the air conditioning and washing machine retail sales was basically the same as that of the same period of last year.

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 56% growth on a y-o-y basis, management quality promoted greatly, the proportion of medium and high-end air-conditioning

products is also increasing, and the profitability of export products is improving significantly.

(3) Efficiency enhancement

The company's comprehensive competitiveness in terms of the market unit price, quality improvement and efficiency improvement has been promoted by taking bench-marking 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; continue to publicize, train, propagate and guide the corporate culture, precipitate the corporate culture, and promote the organizational atmosphere.

As a whole, in 2018, under the background that quality consumption was brought about by intensifying competition, consumption upgrades, and renewal demand, the industry has set off a wave of product upgrades, and the high-end market has gradually become the main battlefield of competition. In this regard, the company firmly grasped the main line of business development, focused on the 13th five-year development planning route through the joint efforts of all Meiling people, and achieved the company's steady improvement through the core technology and product traction, by strengthening the mechanism management innovation, and vigorously activating the internal team. At the same time, the product sales outperformed the market, the product structure was upgraded obviously, and the proportion of frequency conversion and intelligent products continued to increase, especially the release of "M Fresh Life" series refrigerators set off a wave of fresh-keeping technology in the industry and led the industry fresh-keeping revolution. As an important product for the company's transformation to the high-end consumer market, "M Fresh Life" series refrigerators not only enhanced the company's high-end brand image, but also further promoted the upgrading of the product structure of the company's refrigerator (freezer).

(ii) Revenue and cost

1. Constitute of operation revenue

In RMB

	2018		2017		Increase/decrease y-o-y
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	17,490,174,950.01	100%	16,797,436,757.36	100%	4.12%
According to industries					
Manufacture of household appliances	16,458,650,756.15	94.10%	16,013,327,582.28	95.33%	2.78%
Other business	1,031,524,193.86	5.90%	784,109,175.08	4.67%	31.55%
According to products					
Refrigerator, freezer	8,167,773,533.33	46.70%	7,464,503,149.31	44.44%	9.42%
Air-conditioning	6,777,093,389.43	38.75%	7,005,144,650.67	41.70%	-3.26%
Washing machine	513,917,450.54	2.94%	705,875,802.77	4.20%	-27.19%
Small appliance and kitchen & toilet	689,072,966.20	3.94%	536,291,620.64	3.19%	28.49%
Other products	310,793,416.65	1.77%	301,512,358.89	1.80%	3.08%
Other business	1,031,524,193.86	5.90%	784,109,175.08	4.67%	31.55%
According to region					
Domestic	13,768,743,643.18	78.72%	12,941,622,221.55	77.05%	6.39%
Foreign	3,721,431,306.83	21.28%	3,855,814,535.81	22.95%	-3.49%

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

Applicable Not applicable

Whether the company needs to comply with the disclosure requirements of the particular industry

Yes No

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating	Increase/decrease of operating	Increase/decrease of gross

				revenue y-o-y	cost y-o-y	profit ratio y-o-y
According to industries						
Manufacture of household appliances	16,458,650,756.15	13,273,395,942.04	19.35%	2.78%	1.38%	1.11%
According to products						
Refrigerator, freezer	8,167,773,533.33	6,390,896,089.57	21.75%	9.42%	5.77%	2.70%
Air-conditioning	6,777,093,389.43	5,636,463,273.39	16.83%	-3.26%	-2.26%	-0.84%
Small appliance and kitchen & toilet	689,072,966.20	583,308,199.41	15.35%	28.49%	27.73%	0.50%
According to region						
Domestic	12,748,897,296.29	9,988,923,192.37	21.65%	4.74%	5.53%	-0.59%
Foreign	3,709,753,459.86	3,284,472,749.67	11.46%	-3.41%	-9.45%	5.89%

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

Applicable Not applicable

3. Income from physical sales larger than income from labors

Yes No

Industries	Item	Unit	2018	2017	Increase/decrease y-o-y
Manufacture of household appliances industry	Sales volume	10 thousand pieces/set	1,606.40	1,508.66	6.48%
	Production	10 thousand pieces/set	1,581.94	1,547.89	2.20%
	Inventory	10 thousand pieces/set	145.39	169.85	-14.40%

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

Applicable Not applicable

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

Applicable Not applicable

5. Constitute of operation cost

Industry classification

In RMB

Industries	Item	2018		2017		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Manufacture of household appliances	Raw material	12,224,876,343.70	92.10%	12,170,622,123.33	92.96%	-0.86%

Note: nil

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

Yes No

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

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

Applicable Not applicable

8. Major sales and main suppliers

(1) Major sales client of the Company

Total top five clients in sales (RMB)	4,913,712,759.11
Proportion in total annual sales volume for top five clients	28.09%
Proportion of the related parties' sales in total annual sales volume for top five clients	15.81%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Client I	2,547,232,568.77	14.56%
2	Client II	1,170,731,664.10	6.69%
3	Client III	579,359,172.39	3.31%
4	Client IV	397,714,147.65	2.28%
5	Client V	218,675,206.20	1.25%
Total	--	4,913,712,759.11	28.09%

Other situation of main clients

Applicable Not applicable

(2) Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	3,076,496,670.06
Proportion in total annual purchase amount for top five suppliers	24.09%
Proportion of related party's purchase in total annual purchase amount for top five suppliers	14.15%

Information of top five suppliers of the Company

Serial	Name	Sales (RMB)	Proportion in total annual purchase
1	Supplier I	733,653,149.28	5.75%
2	Supplier II	662,814,025.83	5.19%
3	Supplier III	606,625,874.31	4.75%
4	Supplier IV	537,900,775.75	4.21%
5	Supplier V	535,502,844.89	4.19%
Total	--	3,076,496,670.06	24.09%

Other notes of main suppliers of the Company

Applicable Not applicable

(iii) Expenses

In RMB

	2018	2017	Increase/decrease y-o-y	Note of major changes
Sales expense	2,576,277,169.86	2,434,337,059.85	5.83%	Sales expense increase with the more sales scale in the period
Administrative expense	317,917,548.03	285,953,969.91	11.18%	-
Financial expense	-39,305,608.74	-33,648,833.18	-16.81%	Exchange gains increased in the period
R&D expense	235,299,398.06	210,977,773.13	11.53%	Mote investment in R&D in the period
Income tax expense	-533,886.62	20,520,373.53	-102.60%	Taxable income in the period decline

(iv) Investment in R&D

Applicable Not applicable

In 2018, the Company continues to insisted on the upgrade of fundamental research on core technology in technical research, maintained its technological advantages, expanded the innovation and upgrade in the technological field, made breakthroughs in differentiation, continued to promote product upgrades, and led the development orientation in the industry.

In terms of the refrigerator, the Company focused on its technology planning and core technology for technology development, and carried out the research on human-computer interaction techniques, food refreshment technology, energy saving and mute technology, wide rotation speed variable frequency technology, air duct design technology, and vacuum insulation technology, etc. The “M Fresh Life” series refrigerator with the Company’s original “water molecules activation and preservation technology” lifted a preservation revolution in refrigerator industry, greatly promoted the market shares, brand influence and reputation of the high-end products; in addition, in order to realize the high-end transformation, technological innovation and industry leading by advancing the follow-up research, popularization, and technology updates of intelligent and variable frequency products, the Company intensified the advance of research and development of a new generation of CHiQ products, continued to vigorously promote 0.1 °C variable frequency series refrigerator and realize the continuous increase in proportion of intelligent and variable frequency refrigerators and variable frequency freezer. The release of new generation of CHiQ with auto-door are cause great concern in industry and market. Accelerate the popularity of small and medium-sized air-cooled refrigerators, and the proportion of air-cooled refrigerators continues to rise rapidly. The completion of the research of comprehensive thin technology and series of products will further enhance the brand image and accelerate the transition to the high end.

In air conditioning, according to the strategic planning of holistic intelligent air ecosystem, the Company core with the technical strategic as intelligence and frequency conversion, carrying out variable frequency control in depth, CFD&CAE simulation, intelligent voice, and basic core ability construction as recognition and interaction etc. Focus on user perception and user experience, and create the super-energy-saving, super-comfortable and super-quiet health air conditioner based on the application of the fourth-generation intelligent comfort and precision temperature control technology platform controlled by PMV in batch products; make major breakthroughs in the improvement of the air duct sound quality of air-conditioner indoor unit and the expansion sound of plastic parts, and enhance the brand competitiveness; the product’s working performance in the harsh environment is on the advanced level of the industry, and the improvement effect is obvious; take the lead in carrying out the research and application of the voiceprint recognition function of intelligent voice in the industry, and greatly improve the product image; the Xiaomi and Smartmi OEM frequency conversion outboard motor products have begun mass production and come onto the market.

In terms of biomedical, Zhongke Meiling, a new three board listed subsidiary of the company, continuously increased its R&D investment. During the reporting period, the 5 series freezer platform products equipped with the brand new control system were launched in batches; the self-developed explosion-proof refrigerators obtained the explosion-proof medical freezer certification; the new vaccine storage solution was designed to ensure the temperature uniformity and stability in the freezer and guarantee the supervision of vaccine; the intelligent wireless monitoring and Android screen control system platform thoroughly got through the technical bottleneck of product end cloud integration; many life science and laboratory products entered the pre-development stage, such as clean workbench, biological safety cabinet and so on.

R&D investment of the Company

	2018	2017	Change ratio
Number of R&D (people)	1,649	1570	5.03%
Ratio of number of R&D	15.52%	14.29%	1.23 percentage points up
R&D investment (Yuan)	821,742,728.27	761,572,843.03	7.90%
R&D investment accounted for R&D income	4.70%	4.53%	0.17 percentage points up
R&D investment capitalization (Yuan)	152,448,558.04	116,704,686.42	30.63%
Capitalization R&D investment accounted for R&D investment	18.55%	15.32%	3.23 percentage points up

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

Applicable Not applicable

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

Applicable Not applicable

The company carried out product upgrades around product strategies of fresh keeping, intelligence and variable frequency, and accelerated the layout of new products, which further consolidated and promoted the market position. During the reporting period, the company increased investment in the refrigerator (freezer), air-conditioning technology research and the high value-added new product development, especially the investment in thin-wall technology and its application, long-term fresh keeping technology (water molecule activation and fresh keeping technology, etc.), variable frequency technology development and intelligent product technology development, resulting in a significant increase in the amount of R&D investment capitalization during the reporting period compared to the previous year.

(v) Cash flow

In RMB

Item	2018	2017	Y-o-y changes
Subtotal of cash in-flow from operation activity	16,778,361,372.57	14,940,892,460.66	12.30%
Subtotal of cash out-flow from operation activity	16,998,921,987.93	15,492,394,455.40	9.72%
Net cash flow from operation activity	-220,560,615.36	-551,501,994.74	60.01%
Subtotal of cash in-flow from investment activity	3,668,508,401.66	5,451,591,320.85	-32.71%

Subtotal of cash out-flow from investment activity	4,623,429,604.21	4,960,940,585.00	-6.80%
Net cash flow from investment activity	-954,921,202.55	490,650,735.85	-294.62%
Subtotal of cash in-flow from financing activity	3,213,434,868.63	2,880,194,862.03	11.57%
Subtotal of cash out-flow from financing activity	2,646,463,305.11	1,673,559,914.76	58.13%
Net cash flow from financing activity	566,971,563.52	1,206,634,947.27	-53.01%
Net increased amount of cash and cash equivalent	-605,122,582.46	1,103,667,350.63	-154.83%

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

√ Applicable □ Not applicable

The net cash flow arising from operation activities in 2018 amounted as -221 million Yuan, increased 331 million Yuan over that of last year's -552 million Yuan, a 60.01% goes up, mainly because on a y-o-y basis, the cash received from goods sales and offering labor service in the period increased over that of cash paid for purchasing goods and accepting labor service.

The large change in net cash flow from investing activities was mainly due to the year-on-year decrease in net cash recovered from the entrusted money management of the company during the period.

The large change in net cash flow from financing activities was mainly due to the year-on-year increase in cash paid by the company for repayment of debts during the period.

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

√ Applicable □ Not applicable

Mainly due to the decrease in inventory and operating payables at the end of the reporting period compared to the beginning of the year.

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	3,931,358.68	11.45%	-	N

Gains/losses from fair value changes	-45,949,257.12	-133.80%	Losses from the fair value of forward foreign exchange contract changed in the period	N
Asset impairment	39,253,891.46	114.30%	The accrual of inventory falling price reserves increased in the period	N
Non-operation income	6,486,445.70	18.89%	-	N
Non-operation expenditure	21,268,525.58	61.93%	Penalty payable and relocation expenditure in the period	N

IV. Assets and liability

(i) Major changes of assets composition

In RMB

	End of 2018		End of 2017		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	4,596,077,557.40	29.53%	5,283,081,788.04	33.10%	-3.57%	Entrusted investment increased in the period
Account receivable	1,670,988,644.76	10.74%	1,780,416,509.02	11.15%	-0.41%	No major changes
Inventory	2,174,436,573.67	13.97%	2,918,100,650.27	18.28%	-4.31%	Inventory turnover speed up in the period
Investment real estate	46,846,507.41	0.30%	9,569,711.72	0.06%	0.24%	Investment real estate from subsidiary increased in the period
Long-term equity investment	61,869,440.55	0.40%	90,534,671.92	0.57%	-0.17%	Losses from joint venture in the period
Fix assets	1,733,957,012.14	11.14%	1,515,302,743.61	9.49%	1.65%	Mainly due to the increase in the transfer of the company's construction in progress during the period.
Construction in progress	464,558,352.60	2.99%	174,857,717.15	1.10%	1.89%	Construction in progress have more investment by parent company and subsidiary Changhong Air-conditioner in the period
Short-term loans	2,336,373,929.62	15.01%	1,631,206,000.00	10.22%	4.79%	Short-term loans of parent company increased in the period

Long-term loans	1,920,000.00	0.01%	253,160,000.00	1.59%	-1.58%	The long-term loans due within one year was re-classified as “Non-current liability due within one year”
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(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 at end of the period
Financial assets							
1. Financial assets measured by fair value and whose change is recorded in current gains and losses (excluding derivative financial assets)	15,646,731.48	-6,393,095.89					9,253,635.59
Subtotal of financial assets	15,646,731.48	-6,393,095.89					9,253,635.59
Total	15,646,731.48	-6,393,095.89					9,253,635.59
Financial liabilities	16,034,000.00	39,552,666.70					55,586,666.70

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
46,004,000.00	992,441,301.50	-95.36%

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

Applicable Not applicable

In RMB

Invested company	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	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 investment	90,000,000	60%	Self-owned capital	Candy Hoover Group S.r.l	20 years	Washing machine, etc.	Invested 15 million Yuan during the period and totally 60 million Yuan invested acculturate	Not applicable	-4,061,254.55	N	2017-3-30	Juchao Website: http://www.cninfo.com.cn (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 for items prohibited or restricted by laws and regulations)	Capital investment	48,128,000	96.256%	Self-owned capital	Management team of Changmei Technology	20 years	Fresh online retailers	Invested Capital of 15.704 million Yuan in the period 报	Not applicable	-17,209,628.36	N	2016-1-8; 2016-11-26; 2017-11-10	Juchao Website: http://www.cninfo.com.cn (No.: 2016-002, No.: 2016-068, No.: 2017-088)
Hongyuan	Production and sales of the system and	Capital	25,500,000	51%	Self-o	Ever Source	Long-t	Groun	Invested capital of	Not	-5,795,344.98	N	2015-4-18	Juchao Website:

Ground Energy Heat Pump Tech. Co. Ltd.	parts of ground energy heat & cold integrated machine, sales of home appliance, raw material of home appliance and parts	Investment			Owned capital	Science & Technology Development Group Co., Ltd.	Term	Energy heat & cold integrated machine	15.3 million Yuan during the period and completed the contribution amount	Applicable				http://www.cninfo.com.cn(No.: 2015-016)
Total	--	--	163,628,000	--	--	--	--	--	--	--	-27,066,227.89	--	--	--

(iii) 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)
Intelligent production line for one million sets of eco-friendly and energy-saving refrigerators (note 1)	Self-built	Yes	Home appliance manufacturing industry	72,386,347.52	156,797,364.00	Self-owned capital	The project completed and come into service	-	Completed an intelligent production line for one million sets of eco-friendly and energy-saving refrigerators	Not applicable	2017-3-14	Juchao Website: www.cninfo.com.cn(No.: 2017-006)
Production base	Self-built	Yes	Home	59,037,970.14	198,573,870.14	Self-owned capital	The company	The	Project is under	Not applicable	2017-3-30;	Juchao Website:

for two million sets of automatic washing machine (note 2)	uilt		applianc e manufac turing industry			wned capital	successfully bade for the plant, of fice building and land use rights under the name of Anhui Dongw ei Solar Technology Co., Ltd. fro m the judicial sale with its own funds of RMB134, 585,900; curre ntly, the phase I project (annual output of 0.5 million sets of auto matic washing machine for one s hit)has come into production	production capacity of 2 million sets of automatic washing machine shall be formed after this project being put into operation	planning during the reporting period, no income yet.		2017-4-14	www.cninfo.com.cn(N o.: 2017-010, No.: 2017-024)
Total	--	--	--	131,424,317.66	355,371,234.14	--	--			--	--	--

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 session of the 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 intelligent production line for one million sets of eco-friendly and energy-saving refrigerators. 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 has completed and came into service so far.

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 session of the 8th Board of Directors approved and agreed the company's to invest no more than RMB 371,210,000 in the construction of the production base for two million sets of automatic washing machine. In addition, the 29th session of the 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. Currently, the phase I project (annual output of 0.5 million sets of automatic washing machine for one shit) has come into production officially

(iv) Financial assets investment

1. Securities investment

Applicable Not applicable

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	367,218.32	14 June 2017	23 December 2019	210,705.91	482,036.08	547,658.54	-	149,739.86	29.85%	-4,656.41
Total				367,218.32	--	--	210,705.91	482,036.08	547,658.54	-	149,739.86	29.85%	-4,656.41
Capital resource(if applicable)				Self-owned capital									
Lawsuit involved (if applicable)				Not applicable									
Disclosure date for approval from the Board for investment of derivatives (if applicable)				30 March 2018									
Disclosure date for approval from board of shareholders for investment of derivatives (if applicable)				11 May 2018									

<p>Risk analysis and controlling measures for derivatives holdings in the Period (including but not limited to market risk, liquidity risk, credit risks, operation risk and law risks etc.)</p>	<p>Risk analysis:</p> <ol style="list-style-type: none"> 1. Market risk: domestic and international economic situation changes may lead to exchange rate fluctuations, forward foreign exchange transactions are under certain market risk. Forward foreign exchange business is aiming to reducing impact on corporate profits by foreign exchange settlement and sale prices, exchange rate fluctuations. The Company will follow up the exchange fluctuation, on the basis of target rate determined from the business, relying on the research of the foreign currency exchange rates, combined with prediction of consignments, and burdening ability to price variations due to exchange rate fluctuations, then determine the plan of forward foreign exchange contracts, and make dynamic management to the business, to ensure reasonable profit level. 2. Liquidity risk: all foreign exchange transactions are based on a reasonable estimate of the future import and export business, to meet the requirements of the trade authenticity. In addition, forward foreign exchange transactions are processed with bank credit, will not affect liquidity of company funds. 3. Bank default risk: if cooperative banks collapse within the contract time, the Company will not be able to transact the original foreign exchange contracts with contract price, which leads the risk of income uncertainty. So the Company chose Bank of China, Agricultural Bank of China, Industrial and Commercial Bank of China, China Construction Bank and other chines e-funded banks with a joint-stock system as Everbright and Industrial Bank, as well as the foreign-funded banks as UOB, Oversea Chinese Bank and the Bank of East Asia etc. to conduct the trading of foreign exchange capital. These banks share a solid strength and management whose failure and the risk of loss may bring to the Company is very low. 4. Operational risk: improper operation of the person in charge of forward foreign exchange transactions may cause related risk also. The Company has formulated related management system which defines the operation process and responsibility to prevent and control risks. 5. The legal risks: unclear terms based in contract signed with banks for related transactions may lead legal risks when forward foreign exchange transactions are processing. The Company will strengthen legal review, and choose good bank to carry out this kind of business as to risk control.
<p>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 RMB -46,564,100.</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</p>

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 fund transaction benefit a lot in avoiding the exchange rate risks in import and exports 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.

(v) Application of raised proceeds

Applicable Not applicable

1. Overall application of raised proceeds

Applicable Not applicable

In 10 thousand Yuan

Year	Way	Total raised capitals	Total raised capital used in Period	Total accumulative raised capitals used	Total raised capital has purpose of uses changed in Period	Cumulative raised capitals has purpose of uses changed in total	Ratio of cumulative raised capitals has purpose of uses changed	Total accumulative raised capitals unused	Usage of the retained raised capitals and what is expected to invested with those capitals	Raised capitals idle for more than two years
2016	Non-public offering of A-shares	154,073.272276	20,349.247113	71,151.385865	0	0	0%	92,025.292981	The raised funds that the Company has not run out will continue to complete the corresponding investment as planned. At the same time, according to the planning for equity investment projects, it's	--

									agreed the Company to use the idle raised funds of no more than RMB 940 million (The amount can be rolled over) to invest in the principal-protected financial products after being approved by the Company's board of directors, board of supervisors, and the resolutions of shareholders' meeting, and after the independent directors issuing agreed independent opinions and sponsor agencies issuing unanimous verification opinions. The remaining funds are deposited in the designated raised capital account.
Total	--	154,073.272276	20,349.247113	71,151.385865	0	0	0%	92,025.292981	--

Explanation on General usage of raised capital

Being deliberated and approved by 1st extraordinary shareholders meeting of 2016 and 17th session of 8th BOD, and verified by the Reply on Private Placement of Hefei Meiling Co., Ltd. (CSRC XK [2016] No.1396) issued from CSRC, the Company successfully offering 280,858,676 shares (A-stock) to 7 qualified investors, including Sichuan Changhong Electric Co., Ltd. (hereinafter referred as to Sichuan Changhong), with price of 5.59 Yuan/Share and face value of 1.00 Yuan. According to the Verification Report XYZH/2016CDA40272 issued by Shine Wing Certified Public Accountants (LLP), total raised fund amounting to 1,569,999,998.84 Yuan, less vary issuance changes (tax included) 29,267,276.08 Yuan, raised fund amounts to 1,540,732,722.76 Yuan.

Ended as 31 December 2018, actually fund of raised used accumulative amounted as 711,513,858.65 Yuan in total, balance of the account for fund raised counted as 920,252,929.81 Yuan (including interest income accumulative amounted as 10,924,322.94 Yuan and income from financial product at expiration 79,962,401.75 Yuan)

The Company accumulative used the fund raised amounted as 711,513,858.65 Yuan, the use of purpose including: intelligent construction has 123,057,203.64 Yuan in used; R&D ability for intelligence and new

products for intelligent household appliance has 272,575,391.24 Yuan in used; smart life project totally used 45,001,200.00 Yuan; used in current fund supplementary counted as 270,880,063.77 Yuan (including saving interest of 147,341.01 Yuan)

2. Situation of committed project of raised proceed

√ Applicable □ Not applicable

In 10 thousand Yuan

Committed investment projects and over-raised fund investment	Change the project (Y/N) (including partially changed)	Total raised-fund commitment	Investment after adjustment (1)	Invested in the period	Cumulative investment amount till end of Period-end (2)	Investment progress till end of period-end (3) = (2)/(1)	Date of reach a predetermined state of use	Benefit achieved in the Period	Achieved expected benefits (Y/N)	Major changes of project feasibility (Y/N)
Committed investment project										
Construction of intelligent manufacturing project	N	39,100.00	39,100.00	4036.739920	12,305.720364	31.47%	Intelligent manufacturing (Hefei) project: end of December of 2021, construction project of freezer intelligent : end of December of 2021	--	Not applicable	N
Construction of intelligent R&D capability and new products development of the intelligent appliance technology	N	55,900.00	55,900.00	14,962.471193	27,257.539124	48.76%	End of December of 2021	--	Not applicable	N
Intelligent life project	N	32,000.00	32,000.00	1,350.036000	4,500.120000	14.06%	April 2021	--	Not applicable	N
Supplementary the floating capital	N	27,073.272276	27,073.272276	0	27,088.006377	100.05%	--	--	Not applicable	N

Subtotal of committed investment project	--	154,073.272276	154,073.272276	20,349.247113	71,151.385865	46.18%	--	--	--	--
Investment of the over-raised fund										
No over-raised fund in the Period										
Payment of bank loans (if applicable)	--						--	--	--	--
Supplementary the floating capital (if applicable)	--						--	--	--	--
Subtotal of over-raised fund investment	--					--	--	--	--	--
Total	--	154,073.272276	154,073.272276	20,349.247113	71,151.385865	46.18%	--	--	--	--

<p>Conditions and reasons of failure to meet schedule or predicted income (by specific projects)</p>	<p>1. In the "intelligent manufacturing construction project":</p> <p>(1) the planning construction period of "intelligent manufacturing (Hefei) project" is 3 years, during the reporting period, phase I and phase II has completed in construction, phase III till in process, the original estimated completion time has expired. Therefore, in accordance with the actual situation of the company's fund-raising project, in order to regulate the use of raised funds, the resolution of the 20th meeting of the ninth session of the board of directors and the 11th meeting of the ninth session of the board of supervisors of the company passed and agreed the company to postpone the date that the project achieves the scheduled serviceable condition to the end of December 2021. At the same time, the company's independent directors have issued independent opinions of consent, and the company's sponsor institution Shenwan Hongyuan issued a unanimous verification opinion.</p> <p>(2) The planned construction period of "newly increasing 600,000 sets of medium and large-capacity environmental protection and energy-saving freezer intelligent production line construction project" is one year. In accordance with the actual situation of the company's fund raising project, in order to regulate the use of raised funds, the resolution of the 14th meeting of the ninth session of the board of directors and the 16th meeting of the ninth session of the board of supervisors and the 20th meeting of the ninth session of the board of directors and the 11th meeting of the ninth session of the board of supervisors of the company passed and agreed the company to postpone the date that the project achieves the scheduled serviceable condition to the end of December 2021. Meanwhile, independent directors have issued an agreed independent opinion and sponsor agencies -Shenwan Hongyuan issued a verification opinions without objection.</p> <p>2. "Intelligent R&D ability building projects and new product development projects for intelligent home appliances": is three years, the construction of Inspection & Testing Center Building and fire control acceptance were completed, and came into service so far; completed the development and marketing of intelligent second-generation products, and the intelligent third-generation products has also completed the trial production in small batches; other</p>
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	<p>projects are being implemented. The original completion time has expired. Therefore, combine with actual condition, and with purpose of standardize the fund-raised, after approved by the resolution of 20th session of 9th BOD and 11th session of 9th Supervisory Committee, the Company agreed to postponed the time for using in normal status to end of December of 2021. Meanwhile, independent directors have issued an agreed independent opinion and sponsor agencies -Shenwan Hongyuan issued a verification opinions without objection.</p> <p>3. As the implementation subject of the Company's "Intelligent Life Project", Changmei Technology was established in April 2016. At present, Changmei Technology owns the online platform of the fresh e-commerce brand "ifoodtube", the main business model is organic integration of fresh e-commerce and intelligent retail equipment, providing users with online and offline integrated fresh products and services. Currently, the project is in normal operation.</p> <p>4. Up to end of the period, investment in "Supplementary the floating capital" has over 100%, mainly due to the saving interest in fund raised used in the project</p>														
Presentation on the major changes in project feasibility	Not applicable														
Use progress of the raised-fund and purpose	Not applicable														
Changes of the site for raised-fund investment projects	Not applicable														
Adjustment of the raised-fund investment projects	Not applicable														
Up-front cost and replace of the raised-fund investment projects	Applicable														
	<p>Ended as 31 October 2016, the Company contributed self-raised fund 63,984,738.91 Yuan for the raised-fund investment project, the money has replaced as 63,984,738.91Yuan. Shine Wing CPA (LLP) made a special audit for pre-investment and carried out an Assurance Report on Invested Self-raised fund to the Raised-fund Investment Before Hand (XYZH/2016CD40285) (hereinafter referred as to Assurance Report). Replacement are as:</p> <p style="text-align: right;">In 10 thousand Yuan</p>														
	<table border="1"> <thead> <tr> <th>Raised-fund investment project</th> <th>Total investment</th> <th>Commitment capital for raised-fund project</th> <th>Investment of self-raised fund invested till end of 31 October 2016</th> <th>Amount replaced</th> </tr> </thead> <tbody> <tr> <td>Construction of intelligent manufacturing project</td> <td>39,870.65</td> <td>39,100.00</td> <td>2,545.41</td> <td>2,545.41</td> </tr> <tr> <td>Construction of intelligent R&D capability and new products development</td> <td>55,900.00</td> <td>55,900.00</td> <td>2,053.06</td> <td>2,053.06</td> </tr> </tbody> </table>	Raised-fund investment project	Total investment	Commitment capital for raised-fund project	Investment of self-raised fund invested till end of 31 October 2016	Amount replaced	Construction of intelligent manufacturing project	39,870.65	39,100.00	2,545.41	2,545.41	Construction of intelligent R&D capability and new products development	55,900.00	55,900.00	2,053.06
Raised-fund investment project	Total investment	Commitment capital for raised-fund project	Investment of self-raised fund invested till end of 31 October 2016	Amount replaced											
Construction of intelligent manufacturing project	39,870.65	39,100.00	2,545.41	2,545.41											
Construction of intelligent R&D capability and new products development	55,900.00	55,900.00	2,053.06	2,053.06											

	<table border="1"> <tr> <td>of the intelligent appliance technology</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Intelligent life project</td> <td>32,076.00</td> <td>32,000.00</td> <td>1,800.00</td> <td>1,800.00</td> </tr> <tr> <td>Total</td> <td>127,846.65</td> <td>127,000.00</td> <td>6,398.47</td> <td>6,398.47</td> </tr> </table>	of the intelligent appliance technology					Intelligent life project	32,076.00	32,000.00	1,800.00	1,800.00	Total	127,846.65	127,000.00	6,398.47	6,398.47
of the intelligent appliance technology																
Intelligent life project	32,076.00	32,000.00	1,800.00	1,800.00												
Total	127,846.65	127,000.00	6,398.47	6,398.47												
	<p>The replacement has been deliberated and approved by the 27th session of 8th BOD and 14th session of 8th supervisory committee, independent directors are proposed an agreeable independent opinion, and sponsor institution carried out a verification opinion without objection.</p>															
Supplement working capital temporary with idle raised-fund	Not applicable															
Balance and reasons of the implementation of raised-fund	Not applicable															
Use of funds and fund allocation for un-used raised-fund	<p>The raised-fund have not been used will continues to invested on the raised-fund projects in above mentioned table. Meanwhile, according to the raised-fund investment plan, and been approved by the Board, the Board of supervisors and shareholder general meeting, agreeable independent opinion from independent directors and with the verification opinion without objection issued by sponsor institution, it's agreed the Company to use the idle raised fund of no more than 940 million Yuan (the amount can be rolled over) to invest in principal-protected financial products, the remaining funds are deposit in the designated raised capital account.</p> <p>Use of the raised-fund has no changes till recently.</p>															
Use of raised-fund and problems or other condition in disclosure	<p>As for the relevant information of raised-fund disclosed, there is no any disclosure information that released without timely, true-ness, accurate and complete. The savings, usage, management and disclosure of the raised-fund have no violation conditions been found.</p>															

3. The changed project of raised proceeds

Applicable Not applicable

No changes of raised proceeds in the Period.

VI. Sales of major assets and equity

(i) Sales of major assets

Applicable Not applicable

No major assets are sold in the period

(ii) Sales of major equity

Applicable Not applicable

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

Applicable Not applicable

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

In RMB

Company name	Type	Main business	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Zhongke Meiling Cryogenic Technology Co., Ltd.	Subsidiary	Research and development, manufacturing and sales of ultra-low temperature freezer	68,640,300	276,297,653.60	137,326,070.00	185,678,757.29	16,618,467.30	15,463,119.14
Jiangxi Meiling Electric Appliance Co., Ltd.	Subsidiary	Manufacturing of refrigeration and freezer	50,000,000	593,270,713.67	92,855,531.17	990,771,504.41	1,756,673.53	1,758,273.53
Mianyang Meiling Refrigeration Co., Ltd.	Subsidiary	Manufacturing of refrigeration and freezer	100,000,000	136,991,742.10	116,984,982.19	264,249,893.04	4,829,802.29	4,460,507.35
Sichuan Changhong Air-conditioner Co., Ltd.	Subsidiary	R&D, manufacturing and domestic sales of air-conditioner	850,000,000	3,469,780,862.70	1,372,026,736.77	5,310,863,142.78	38,046,716.29	32,830,567.02
Zhongshan Changhong Electric Co., LTD	Subsidiary	R&D, manufacturing and domestic sales of air-conditioner	184,000,000	907,674,237.23	50,064,623.27	1,985,947,420.54	-99,211,221.55	-96,864,675.58
Hefei Meiling Electronic Appliance Marketing Co., Ltd.	Subsidiary	Sales of white goods	55,000,000	69,442,167.29	-143,584,392.78	899,743,787.81	70,225,896.29	70,203,256.97
Hefei Meiling Group Holdings Limited	Subsidiary	Sales of white goods	80,000,000	450,701,273.04	-125,294,119.02	3,500,114,587.76	-71,498,105.87	-71,978,091.38

Changmei Technology Co., Ltd.	Subsidiary	E-business of agricultural products and fresh	50,000,000	20,530,817.84	11,139,793.68	26,839,141.37	-18,069,100.45	-17,947,299.32
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	367,232,026.98	136,012,120.14	525,992,095.11	16,307,329.39	15,367,774.29
Meiling CANDY Washing Machine Co., Ltd.	Subsidiary	R&D and sales of washing machine	150,000,000	209,111,952.29	91,144,192.11	468,389,142.46	-5,134,249.55	-6,768,757.59

(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
Wuhu Meiling Electronic Appliance Marketing Co., Ltd.	Clearing off	Minor effect on the overall production and operation and performance of the company
Shijiazhuang Meiling Electronic Appliance Marketing Co., Ltd	Clearing off	Minor effect on the overall production and operation and performance of the company
Kunming Meiling Electronic Appliance Marketing Co., Ltd	Clearing off	Minor effect on the overall production and operation and performance of the company
Jingzhou Meiling Electronic Appliance Marketing Co., Ltd	Clearing off	Minor effect on the overall production and operation and performance of the company
Harbin Meiling Electronic Appliance Marketing Co., Ltd	Clearing off	Minor effect on the overall production and operation and performance of the company
Guiyang Meiling Electronic Appliance Marketing Co., Ltd	Clearing off	Minor effect on the overall production and operation and performance of the company
Chongqing Meiling Electronic Appliance Marketing Co., Ltd	Clearing off	Minor effect on the overall production and operation and performance of the company
Nantong Meiling Electronic Appliance Marketing Co., Ltd	Clearing off	Minor effect on the overall production and operation and performance of the company
Shenyang Meiling Electronic Appliance Marketing Co., Ltd	Clearing off	Minor effect on the overall production and operation and performance of the company
Changchun Meiling Electronic Appliance Marketing Co., Ltd	Clearing off	Minor effect on the overall production and operation and performance of the company

(iii) Notes of holding and shareholding companies

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

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Future Development Prospects

(i) Competition pattern and development trend

Affected by the macro environment and its own development cycle, China's home appliance market is facing weak growth and is in a critical period of transformation and upgrading. In addition, Sino-US trade friction brings many uncertainties. Simultaneously, there are opportunities in danger, it's necessary to seize the opportunities still existing in the transformation and upgrading stage of home appliance industry. The innovative technology

that is constantly iterating in the home appliance industry will provide driving forces for the benign development of the entire industry. The era of barbaric expansion in China's home appliance market has passed, it is necessary to shift from extensive management to refined operation and focus on quality and efficiency so that the company can stand erect in tomorrow's market competition.

1. Macro environment analysis

(1) Social environment and demand trend

Social environment: The population growth in developed countries is sluggish, the retail volume will remain stable, the retail sales will increase with product upgrades, and the product structure will be further upgraded. The global economy has entered a recovery cycle, and the consumption upgrade brought about by economic development has further accelerated. As the aging of population intensifies, people will pay more and more attention to health.

Demand trend: The product structure continues to be optimized, and the quality upgrade continues to drive the market's high-end development. With the rapid development of smart technology and the continuous upgrading of consumption, home appliance technology presents diversification new trends such as "large", "beauty", "health", "comfort", "energy saving", "intelligence", "integration" and "full house", and so on.

(2) Market potential

The economy of developing countries is gradually growing, home appliances are entering the stage of popularization, and emerging countries will grow at a high speed, it is expected that the demand for imports will increase in the short term. E-commerce continues to develop at a high speed, and the impacts on the traditional retail industry are gradually spreading, and the purchasing behavior of consumers will have further changes. With the rise of self-owned brands, the living space of agents and traders has been further compressed. The acceleration of urbanization has provided sustained demand for the growth of the home appliance industry. The two-child policy and real estate regulation brought about market opportunities. The new retail market moves forward and leads to the transformation of home appliance channels, channel sinking, new department store formats, digital stores, and brand experience pavilions, which have become the new direction for the current home appliance channel transformation.

2. Refrigerator (freezer) industry

The home appliance industry will bid farewell to low-price competition and gradually return to rational value competition, and the industry market competition pattern will further intensify. With the withdrawal of the national inclusive policy, and the formulation and introduction of new policies still take time, the industry growth is weak. All View Cloud (AVC) predicts that the refrigerator market will have a retail volume of 31.64 million units in 2019, a decline of 3.3% on a year-on-year basis, and the retail sales will reach 95.4 billion yuan, a decline of 0.4% a year-on-year basis. The possibility that the joining of internet brands may trigger the price war and the slowdown in price structure upgrade brought about by the release of cost pressure are the important potential factors for a small negative growth in retail sales.

Despite the lack of industry demand, in the context of the industry structural transformation and upgrading and the product upgrading, with the rise of medium- and high-end consumer groups, especially the full release of quality, high-end and fashion technology demands, the home appliance industry is welcoming a new round of consumption upgrade, the coming of quality consumption era will promote the transformation and upgrade of the industry to high end and intelligence, and the competition in the home appliance market dominated by “quality and new products”, will become clear and definite. The refrigerator industry is rapidly developing towards fresh keeping, air cooling, frequency conversion, intelligence, and large volume. In a market where both structure and quality are upgrading, it is crucial to grasp the direction of industry development needs. The demand trend of refrigerators in the future will be based on the product upgrades in the third- and fourth-tier markets and on the high-end consumption in the first- and second-tier markets.

3. Air conditioning industry

The dominant pattern of the three major brands in the air-conditioning industry has not changed, the duopoly situation has become more apparent, and the brand concentration has increased again. The second- and third-tier brands face greater pressure. Driven by the e-commerce platform channel sinking and network wholesale model, the omni-channel business model has become a new outlet for brand manufacturers to open up the integrative development of online and offline channels. Under the trend of consumption grading, high-end brands and high-end products have found a breakthrough in differentiated development, and have also become an important driving force for the development of high-end products and high-end brands of air-conditioning manufacturers.

In 2019, the air-conditioning market will continue to bear pressure. In the first half of the year, the market will continue the declining trend in the second half of 2018, and the market will return to a stable development stage. Under the background of consumption upgrading, the upgrading of industrial structure will continue to drive the industry price to rise, All View Cloud (AVC) predicts that the retail volume of the air-conditioning market in 2019 will be 55.9 million sets, a decline of 2.0% on a year-on-year basis, and the retail sales will reach 201.4 billion yuan, a rise of 0.2% on a year-on-year basis.

4. Washing machine industry

The washing machine market has entered the period of stock upgrade, the market demand power is mainly upgrading and updating, and the demand in washing machine market is slowing down and also facing the pressure of slowing down. From the perspective of growth momentum, the washing and drying and the large capacity are leading the update and upgrade, at the same time, healthy washing and differentiated products will also become an upgrade trend.

(ii) Development strategy

1. Vision

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

2. Strategic thought

In 2011, the board of directors of the company proposed the strategic guiding thoughts of "Meiling Dream" and "Double Three Strategy", and upgraded the original "Double Three Strategy" to "Double Three One Core Strategy", Double Three refers to three core strategies which are product strategy, talent strategy, and cost leadership strategy and three significant strategies which are market strategy, brand strategy, and internationalization strategy, One Core refers to intelligentization.

In the next few years, the company will stand correctly, accurately and firmly in the industry, market and reformation, continue to promote the six innovations so that the company shall step forward to the direction of "Meiling Dream", and strive to create another Meiling by 2020.

3. Strategic thinking and targets

By "two insists", "two adheres" and "two transformations" (i.e. insist on product doctrine and technology driven, insist on cultural development and institutional innovation; adhere to domestic and overseas markets, adhere to talent and brand strategy; transform from single to diversification, transform from B2C to O2O and C2B), the company has strive to achieved the annual revenue of 20 billion Yuan by 2020. Details include: the first is to create another Meiling in scale, i.e. to achieve the annual sales revenue of 20 billion Yuan, at the same time, the company's refrigerator and freezer have become the industry leader in intelligence, frequency conversion, fresh keeping and thin wall; the air-conditioner has become the industry leader in intelligence and frequency conversion; the washing machines have become the leading brand in the industry with excellent quality, exquisite workmanship and healthy care; the small household appliances have become the leader of smart kitchens and a leading brand of "Water Eco-Home Appliances". The market share of the main products of refrigerator and freezer and air conditioners has increased significantly. Washing machine products, kitchen and bathroom products and small household electrical appliances have become the new main products of Meiling, and drive the transformation and upgrading of the company's profit model through the layout of emerging businesses such as fresh e-commerce and biomedical services.

(iii) Business plan

1. Business objective

In the face of downward pressure on the macro economy, fierce competition among brands in the home appliance industry and rising raw material prices, in 2019, under the leadership of the board of directors, the company will strive to achieve double growth in operating income and net profit, with a focus on improving profitability.

2. Operating principles

The Company's operating principles in 2018 are "product leading, marketing transformation, efficiency enhancement and team activation"

Product leading: Adhere to "productism" and continue to focus on product development. Continuously improve the market performance and competitiveness of products. The Company has satisfied the needs of product

upgrades, consumption upgrades, and high-end breakthroughs through the promotion of quality, taste, and brand. Meanwhile, the company has achieved the products' easy manufacturing and easy maintenance through the platformization and serialization of products and the standardization, generalization, and modularization of parts, that is "five -ization and two easy", as well as the digital transformation of digital factories, digital processes and digital supply chain, and escorted the "product leadership" by creating the "first-class manufacturing". In 2019, the company will continue to adhere to intelligent and variable frequency strategies, and firmly grasp the depth development and iterative products of "M Fresh Life Series" and "Ultra Thin Wall Refrigerator", continue to promote the development of smart products and variable frequency, M Fresh Life refrigerator and freezer, and large-capacity refrigerators, focus on high-end products and super-hot products, mainly promote "M Fresh Life" refrigerators, all thin-walled new products, and develop e-commerce channels for "M Fresh Life" products, full thin-walled CHiQ high-end series products, create differentiated flagship products, and achieve product serialization, make breakthroughs in the market and business models, and continue to increase the proportion of variable frequency, intelligence, and fresh keeping, and the differentiated competition level.

Marketing transformation:

Digitalization is the core of the traditional marketing business transformation, reconstruct the three major systems by digitalization, namely, establishing a marketing management system with terminal retail as the core, establishing a value management system with retail price as the core, and establishing an operation management system with customer's business inventory as the core. At the same time, in the domestic market, on the one hand, the value transformation is realized by adjusting the structure, raising the average price and increasing the share. On the other hand, the same regional price and the online and offline integrated price system is implemented by strengthening the overall channel linkage, promoting the online and offline integration, improving the profitability of the e-commerce channel. Focus on the users, fully optimize the product array, focus on creating high-quality products and super-hot products; promote the traditional channel e-commerce transformation work nationwide.

In addition, in the overseas market, further increase the product development and planning of mid- and high-end refrigerators, promote the sales structure, improve the average sales price, put through the value chain as oversea factories, R&D and sales, and increase the profitability; transform from the single pursuit of scale to the pursuit of both scale and profit, from the order driving to market driving and from foreign trade thinking to marketing thinking; gradually increase the team and product investments in brand, and promote the construction of overseas own brands.

Efficiency enhancement: Establish a chain-wide operational excellence concept, and promote projects such as "intelligent manufacturing", "B2C business marketing transformation", and "supply chain procurement management reform" to form a systematic synergy. On the one hand, the organization efficiency can be improved by promoting the manufacturing delivery, shortening the quality response cycle, and improving the process efficiency. On the other hand, continue to carry out the objectives of "triple effect" promotion, cost control,

increasing revenue and reducing costs and formulate and implement measures to optimize resource allocation and fully activate resource potential by exploring the cost potential, strengthening the process control, reducing the internal consumption, and generating revenue. Finally, further strengthen the implementation of terminal services, continuously reduce its own inventory and commercial inventory scale, promote the rapid turnover of real estate business, and continue to implement the operational net cash flow improvement measures; establish a reversal mechanism to enhance the initiative of industry units to improve efficiency; continue to improve decision-making efficiency.

Team activation: The company will continue to vigorously strengthen the construction of professional and technical personnel, promote the "Yangquan Plan", select and train key post successors, build a team of company-level experts, and improve the construction of talent pool. We will implement the "creating and sharing together" incentive mechanism, optimize the existing compensation system, and explore and establish more flexible and open incentive and restraint policies in the medium and long-term incentives and profit sharing to further activate the team's vitality.

3. Market strategy

(1) Refrigerator (freezer)

Tightly around the management policy, continue to adhere to the intelligence and frequency two core product strategy; speed up the development and upgrading of a new generation of intelligent product, implement the company's intelligent strategy, and enhance the proportion of high-end products. Vigorously invest in basic technology research and product upgrading, continue to carry out intelligence, frequency, forced air cooling, refreshment, thin-wall and other technical researches, maintain technology-leading in the industry, promote the company's product structure to upgrade to high end and intelligence, and drive the company's industrial transformation and upgrading; at the same time, giving great impetus to enhancing the three-qualities, five -ization and two easy and first-class manufacturing, comprehensively improve the efficiency and quality, reduce the product costs and enhance the product competitiveness. In domestic and overseas market, realize the transformation of marketing around value, strengthen the domestic sales channel capacity building, strengthen the online and offline synergy, and increase the competitiveness. Domestically accelerate O2O integration, implement channel transformation; focus on core customers overseas, expand self-owned brand business; comprehensively put talent strategy on team building, and provide sufficient talent for development.

The domestic market takes frequency leading, intelligent pilot, multi-door becoming stronger, back to back getting bigger, air-cooling jump start as the thinking, makes reasonable planning, promote the products' combination ability, and enhance the domestic sales capacity by adjusting the product structure. Regarding the channel, enhance the offline terminal sales ability through the price management, promotion management, user experience management and other means, at the same time, enhance the online sales ability by creating e-commerce hot

products, enhancing after-sales service experience, and collaborative operations among all product lines and other means.

In overseas markets, on the one hand, strengthen the market research, market planning and market promotion capabilities; continuously adjust the product mix, transform from low end, low cost, low value to middle end, middle price, and middle value; while also pull through the overseas factories, R&D, sales and the full-value-chain, reduce the manufacturing costs, reduce the logistics costs, improve the human performance and material efficiency and enhance the overall competitiveness of overseas products; export the semi-knocked down business through technology and process, and achieve the local production in overseas. On the other hand, gradually increase the team and product investments in brand, and promote the construction of overseas own brands, realize the local marketing of self-owned brands in overseas, and increase the brand added value.

(2) Air conditioning

At home, center on the user experience, accelerate the promotion of “quality, brand and taste”, strengthen the transformation of basic research applications, develop key core technologies and capabilities, grasp industry trends, create quality products, improve product competitiveness, and form industrial overall competitiveness by rapidly building the central air-conditioning capabilities. Take the fighter oriented to create elite teams; promote the “intelligent R&D” and “intelligent manufacturing” by taking the entire industry chain as the starting point. Follow the trend of channel innovation, adjust the model, and strengthen the retail; follow the dualization trend of consumption, adjust the structure, and improve the efficiency; follow the trend of industrial adjustment, seek transformation and development. Furthermore, the air conditioning industry will seize the opportunities of coal to electricity and home appliances energy-saving leader policy, improve product layout, and promote enterprise transformation.

(3) Washing machine

Implement the quality priority and differentiated product strategies. Adhere to the quality leadership strategy, become the medium- and high-end washing machine brand with first-class quality, create autonomous appearance and functional selling points; lay out the medium- and high-end products, form a series of products; take product differentiation as a breakthrough, quickly deploy automatic washing machine product line, and rapidly form the self-production ability at the same time.

(4) Kitchen and bath, small household appliances

Based on kitchen and bath, develop purified water business and build core business. Take the concept of “smart kitchen” as the main line, and created the smart kitchen; meanwhile, focus on creating an ecological chain of “water ecological home appliances”. Respectively focus on core business to create advantageous industries, and achieve multi-product line linkage development, highlight the leading advantage of intelligent products. Adhere to

the brand road, adhere to productism, adhere to the terminal image, create smart kitchen, and take intelligent and wall-mounted stoves as the entry point to achieve the business growth of kitchen and bathroom, and small appliances.

(5) Bio-medical care

Under the guidance of the development strategy of “relevant diversification based on biomedical field”, the Company continues to focus on life sciences, smart cold chain, and family health businesses. Life science: increase technical research and reserves, and upgrade the products from the second generation to the fourth generation; make multi-channel and all-round marketing promotion, and expand the company’s industry popularity. Family health: center on the crossing field of “medical health” and “personal care health” to enrich products. Smart cold chain: based on cold storage engineering and leasing business, gradually cut into the cold chain transportation market.

The above business plan and business objectives do not represent the listed company’s profit forecast of 2019, 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.

(iv) Possible risks and countermeasures

In 2019, the competition in the home appliance market will become more intense, and the survival environment for enterprises will be even worse. In the future, the Company will face serious risks such as the severe industrial situation, the intensified competition, the labor shortage, and the rise of raw material prices, transportation costs and human resource costs, the new business models and the impact of internet age.

1. Impact of intensifying industry competition and declining broader market

China's home appliance industry is a complete competing industry, there are many domestic and foreign-funded household appliances manufacturers providing products with a higher degree of homogenization and fierce competition. With the withdrawal of national preferential policy, the industry broader market continues to decline, the industry enters into aggressive growth from large-scale growth, the industry brand concentration further strengthens, and the competition among the brands shows a new situation of oligarchy and giant competition. In recent years, the transformation and upgrading of the industry have been speeding up, and the competition for new energy efficiency in the industry has been normalized. Whoever can faster and more accurately grasp the opportunity of new energy efficiency switching will be able to enhance the competitiveness of products to a greater extent. If you can't accurately judge and follow the market dynamics of the industry, you may be eliminated.

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

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

promoting the transformation, new business model and new products emerge one after another in the home appliance industry, the development of intelligent home appliances changes quickly, if unable to make rapid response or catch up with the development trend, it may be easily replaced or even completely subverted. New rules of the game bring strong sense of crisis and sense of urgency to the enterprises.

3. Pressure of raw material price rising and transportation costs rising

Influence by the supply-side reform and product structure adjustment, price of raw materials goes up dramatically; at the same time, the transportation costs greatly rise due to logistics industry's governance to "three excesses". It is expected that the raw material price and logistics transportation costs will continue to run at high prices in 2019, but the end product selling price will be unchanged or will be difficult to digest the impact of rising raw materials prices, logistics costs and other key resource costs, which will bring greater operating pressure to the company and further affect the company's profitability.

4. Human resources risk

Household appliance industry is an industry with relatively intensive capital, technology, and labor. With the gradual expansion of the company's business scope and scale, and the arrival of intelligent home appliances and the impact of Internet, the company will greatly increase the demands for high-level management personnel, technical personnel, and innovative talents, talent introduction becomes one of the key points for human resources management, if it cannot effectively enhance the company's attraction to high-quality talents from various aspects, the company's future development will be subject to constraints. At the same time, in its intelligent manufacturing transformation period, the company needs higher requirements to the technical capacity and professional quality of workers at the production line, the improvement for the company's product quality will be influenced if the comprehensive quality of workers at the production line can not be enhanced. In addition, with the increase in orders, the demand for workers at the production line is increasing, but affected by the supply and demand in labor market and the continuous rising labor costs, the company's cost pressure will be further enlarged.

In view of the above risks, and combined with industry trend of 2019 and the insufficient in 2018, the Company will carry out follow works in 2019:

1. Sales

Continue to enhance the product market position, pay close attention to the changes in retail market share and e-commerce market share; continue to launch new products, adjust structure, raise average price, and enlarge the scale; continue to enhance new channels, strengthen the synergy with the home appliances related to controlling shareholders, expand the branches of Changmei Life House; rigidly control the price, strictly control the terminal price, and reduce price loss; dig potential and reduce fees, strictly control the site cost investment, strengthen the optimization for low-efficiency stores, and strengthen the audit of booth production standards; improve e-commerce organization, and continue to strengthen e-commerce products, prices, product rendering, product footprint, online retail, spot goods rate, etc.; in overseas markets, actively respond to the impact of RMB exchange rate and bulk raw materials fluctuations, improve the proportion of air-cooling and variable frequency products by

optimizing product structure and customer structure, complete the maintenance, development and layout of key customers and key markets, and guarantee and improve the scale of overseas sales.

2. Technology and quality

Continue to carry out technical research on intelligence, frequency conversion, air cooling, fresh keeping, thin wall, etc., actively promote the development of new products, and implement projects such as “high-end product refinement”, “five -ization and two easy” and “increasing revenue and reducing costs” 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 procurement, reduce costs and increase revenue; pay attention to fund operation efficiency, improve the turnover rate of receivables and inventory; continue to implement “first-class manufacturing”, “less people engineering” and “smart production” to comprehensively improve efficiency and quality, reduce product costs and enhance the company’s product competitiveness.

X. Reception of research, communication and interview

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

Applicable Not applicable

Time	Way	Type	Basic situation index of investigation
12 July 2018	Field research	Institute	http://irm.cninfo.com.cn/ircs/ssgs/companyIrmForSzse.do?stockcode=000521
24 Aug. 2018	Field research	Institute	http://irm.cninfo.com.cn/ircs/ssgs/companyIrmForSzse.do?stockcode=000521
28 Dec. 2018	Field research	Institute	http://irm.cninfo.com.cn/ircs/ssgs/companyIrmForSzse.do?stockcode=000521

Reception (times)	3
Number of hospitality	5
Number of individual reception	0
Number of other reception	N/A
Disclosed, released or let out major undisclosed information	No

Section V. Important Events

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

(i) Formulation, Implementation and Adjustment of common stock Profit Distribution Policy Especially Cash Dividend policy during the Reporting Period

Applicable Not applicable

During the reporting period, the company has strictly executed the profit distribution policy in accordance with the "Articles of Association", the formulation and implementation of the company's cash dividend policy are in line with the provisions of "Articles of Association" and the requirements of the resolutions of shareholders' meeting, the dividends standards and proportion have been definite and clear, relevant decision-making procedures and mechanisms have been complete, the responsibilities of independent directors have been clear and have played its due role, minority shareholders have had the opportunities to fully express their views and aspirations, and the legitimate interests of minority shareholders have been maintained.

In the reporting period, the Company implemented Profit distribution plan for year of 2017, that is, distribute 0.6 Yuan (tax included) in cash for every 10 shares held by all shareholders of the Company based on total share capital 1,044,597,881 shares dated 31 December 2017 (including 881,733,881 shares of A-share and 162,864,000 shares of B-share), cash dividend of 62,675,872.86 Yuan was distributed in total.

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

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

1. Profit distribution plan for year of 2016

Distribute 0.6 Yuan (tax included) in cash for every 10 shares held by all shareholders of the Company based on total share capital 1,044,597,881 shares dated 31 December 2016, cash dividend of 62,675,872.86 Yuan was distributed in total.

2. Profit distribution plan for year of 2017

Distribute 0.6 Yuan (tax included) in cash for every 10 shares held by all shareholders of the Company based on total share capital 1,044,597,881 shares dated 31 December 2017, cash dividend of 62,675,872.86 Yuan was distributed in total.

3. Profit distribution plan for year of 2018

Distribute 0.6 Yuan (tax included) in cash for every 10 shares held by all shareholders of the Company based on total share capital 1,044,597,881 shares dated 31 December 2018, cash dividend of 62, 675, 872. 86 Yuan was distributed in total.

The pre-plan had been deliberated and approved by the board of directors, and it need to be submitted the annual shareholders' general meeting of 2018 for its consideration.

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

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to common stock shareholders of listed company in consolidation statement for bonus year	Ratio of the cash bonus in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Proportion for cash bonus by other ways(i.e. share buy-backs)	Ratio of the cash bonus by other ways in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Total cash bonus (including other ways)	Ratio of the total cash bonus (other ways included) in net profit attributable to common stock shareholders of listed company contained in consolidation statement
2018	62,675,872.86	38,658,256.97	162.13%	-	-	62,675,872.86	162.13%
2017	62,675,872.86	32,473,204.92	193.01%	-	-	62,675,872.86	193.01%
2016	62,675,872.86	220,216,680.96	28.46%	-	-	62,675,872.86	28.46%

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

Applicable Not applicable

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

Applicable Not applicable

Bonus shares for every 10-share (Share)	0
Dividends for every 10-share (RMB) (Tax included)	0.6
Shares added for every 10-share base (Share)	0
Equity base of distribution plan (Share)	1,044,597,881
Total cash dividend (RMB) (Tax included)	62,675,872.86
Proportion for cash bonus by other ways(i.e. share buy-backs)	0
Total cash bonus (including other ways)	62,675,872.86
Distributable profits (RMB)	904,232,582.87
Ratio of cash dividend (including other ways) in total profit distribution	100%
Cash dividend	
Distribute 0.6 Yuan (tax included) in cash for every 10 shares held by all shareholders of the Company based on total share capital 1,044,597,881 shares dated 31 December 2018, cash dividend of 62,675,872.86 Yuan was distributed in total.	
Detail explanation on profit distribution or capitalization from capital public reserve	
<p>For year of 2018, the individual statement of the parent company show net profit of 96,445,731.69 Yuan, according to the auditing from ShinWing CPA (LLP). In accordance with relevant regulations, the retained profit at beginning of the year amounted as 893,442,648.28 Yuan, deducted the 2017 profit distributed 62,675,872.86 Yuan and after extract for statutory surplus reserve 9,644,573.17 Yuan, the retained profit in individual statement of the parent company cumulative counted as 917,567,933.94 Yuan at end of 2018. In addition, for year of 2018, the net profit attributable to owners of parent company amounted as 38,658,256.97 Yuan, the retained profit for end of the 2018 counted as 904,232,582.87 Yuan.</p> <p>Pursuit to relevant rules and regulation of Article of Association, and considering the interest of shareholders and long-term development needs of the Company, Board of Directors agrees that, based on total share capital 1,044,597,881 of the Company dated 31 December 2018, distributed 0.6 Yuan (tax included) in cash for every 10 shares held by shareholders, totally 62,675,872.86 Yuan distributed in total(tax included). Total share capital of the Company has no changes after distribution, the retained profit of the parent company amounted as 854,892,061.08Yuan, rests of the retained profit will carry-over for distribute in later years.</p> <p>This plan has been considered and passed by the board of directors, and needs to be submitted to 2018 annual general meeting of the company for deliberation.</p>	

III. Implementation of commitment

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

Applicable Not applicable

Commitment	Commitment party	Content		Date	Term	Implementation
Commitments made in acquisition report or equity change report	Sichuan Changhong Electric Co., Ltd.(hereinafter referred to as “Sichuan Changhong ”)	About committed and promised in order to prevent horizontal competition in the Acquisition Report of Hefei Meiling Co., Ltd.	1. The acquirer shall not engage in refrigerator business or activity which competes or will compete with business of Hefei Meiling Co., Ltd. (hereinafter referred to as the “Meiling Electric ”),or that which has interest conflict with Meiling Electrical Appliances.	12 June 2007	Valid for long term	Strictly implemented
			2. The acquirer promises to apply shareholders’ right on a legal and reasonable manner and shall not take any action to limit or affect the normal operation of Meiling Electric.			
			3. For any opportunity to engage in competing business, the acquirer will advise Meiling Electric in written for engaging such business or not. If Meiling Electrical Appliances gives no clear written reply as to whether engaging the competing business or not within 20 days after receipt of the aforesaid letter, it shall be deemed that it will not engage in such business. The acquirer will only engage in non-competing business provided that Meiling Electric confirms not to or is deemed to not engage in such non-competing business.			
Commitment made during the non-public offer of 2010	Sichuan Changhong	Commitment regarding to reducing and preventing competition with Meiling Electric	1. It will not engage in such business or activity that competes with or has interest conflict with that of Meiling Electric except for the action taken for sake of Meiling Electric as required by Meiling Electrical Appliances.	24 June 2010	Valid for long term	Strictly implemented
			2. The Company promises to apply shareholders’ right on a legal and reasonable manner and shall not take any action to limit or affect the normal operation of Meiling Electric			
			3. In case that Meiling Electric expects, on the basis of its existing business, to expand its operation scope into the			

			business which the Company has already operated, the Company agrees to grant priority acquisition right to Meiling Electric regarding such business if the same conditions are met, provided that the Company is still the controlling shareholder or actual controller of Meiling Electric			
	Commitment regarding to reducing and standardizing related transaction with Meiling Electric		1. Measures will be adopted to prevent continued related transaction with Meiling Electric: as to the related transaction that can not be prevented, it will sign related transaction agreement with Meiling Electric under the market principles of “equally paid and mutual benefit”, and fairly determined the transaction price according to the market prevailing standards.	24 June 2010	Valid for long term	Strictly implemented
			2. Perform the necessary obligations to make related directors and related shareholder abstain from voting according to relevant regulation, and observe legal procedure for approving related transaction and information disclosure obligations.			
			3. Promise not to hurt legal interests of Meiling Electric and other shareholders through related transaction.			
		Commit to authorized Changhong Air-conditioner and Zhongshan Air-conditioner Electric Co., Ltd. (hereinafter referred to as the “Zhongshan Changhong”) to use “Changhong” trademark and relevant patents for free.		6 Nov. 2010	Valid for long term	Strictly implemented
The Company		1. Commit to disclose periodic reports on a truthful, accurate, complete, fair and prompt manner, to disclose all the information that have important influences over investors, to accept supervision under the CSRC and Shenzhen Stock Exchange.		7 Jan. 2011	Valid for long term	Strictly implemented
		2. Commit to make public clarification in respect of such information that is released from any public media and may result in misleading influences on stock price once				

		the Company is aware of such information.			
		3. The directors, supervisors, senior management and core technicians of the Company will accept opinions and criticism from the social public, and they will not trade the Company's securities, directly or indirectly, with any inside information and other illegal methods. The Company promises that the documents submitted to Shenzhen Stock Exchange exist no false statement or material omission, and no relevant information will be disclosed during the application for listing without prior content from Shenzhen Stock Exchange.			
Commitment made in transfer of air conditioning assets property	Sichuan Changhong	1. Since the property transfer didn't involve the buildings and land currently used by Changhong Air-conditioner, Sichuan Changhong commits, upon the completion of equity transfer, to continue to lease such assets to Changhong Air-conditioner at market price.	10 Dec. 2009	Valid for long term	Strictly implemented
		2. After completion of this property transfer, Sichuan Changhong commits to manage to prevent new related transaction with Meiling Electric. For those which can not be prevented, Sichuan Changhong commits to determine the transaction price based on market accepted methods, so as to ensure fairness of related transaction and protection of the interest of Meiling Electric		Valid for long term	Strictly implemented
		3. Sichuan Changhong commits that it will not engage in air conditioning and refrigerator business or activity which competes or will compete with business of Meiling Electric, or that which has interest conflict with Meiling Electric			
Commitments by Annual performance incentive fund,	Some of the Directors, supervisors and senior executives of	1. Make promise not to reduce the shares of Meiling bought in every year during implementation of the performance incentive fund via any market ways in the later first year, which was allowed to be reduced by 50% according to the laws and regulations in the second year, and the remaining 50% was allowed to be reduced in the third year in accordance with the laws and regulations.	15 Aug.2013	Three years after current shares purchased	Completed
			3 July 2014 21 July 2015 20 June 2017		Implementing

<p>incentive objects while purchasing stock of the Company with performance incentive funds and owned fund</p>	<p>the Company as well as other incentive objects</p>	<p>2. The directors, supervisors and senior management promised to manage in accordance with the relevant management approaches in accordance with the "Company Law", "Securities Law" and "The Company's shares held by the directors, supervisors and senior management of the listed company and its change management rules", as objects of annual performance incentive fund of Meiling, including but not limited to: during his tenure, the shares transferred each year shall not exceed 25% of the total number of shares held of the Company; shall not sell the shares of the Company within six months after bought it or purchase again six months after sold it; shall not transfer the shares held within six months after Dismission.</p>		<p>15 Aug. 2013 3 July 2014 21 July 2015 20 June 2017</p>	<p>From the date when annual incentive fund plan deliberated and approved by general meeting to 6 moths after director, supervisor and senior executives resigned</p>	<p>Strictly implemented</p>
<p>Commitments of not to reducing the shares</p>	<p>Sichuan Changhong Electric Co., Ltd. and persons acting in concert CHANGHONG (HK) TRADING LIMITED</p>	<p>1. Based on market conditions and as allowed by laws and rules, multiple measures were adopted adequately to increase shareholding of Meiling Electric, so as to demonstrate its firm confidence on the PRC economy and Meiling Electric with its actual actions, maintain sound development of capital market and promote recovery of healthy market</p>	<p>2. Continued to support operation and development of listed company as always and promoted the achievement of Meiling Electric. It is committed to bringing steady and real return to investors.</p>	<p>9 July 2015</p>	<p>Valid for long term</p>	<p>Strictly implemented</p>
<p>Commitment made during the non-public offer in 2016</p>	<p>Sichuan Changhong</p>	<p>Shares are not transfer within thirty-six (36) months since end of the private placement</p>		<p>6 March 2016</p>	<p>14 October 2016 to 14 October 2019</p>	<p>Implementing</p>
	<p>Directors and senior executives of</p>	<p>Commitment on compensation of immediate dilution of</p>	<p>1. I hereby undertake not to deliver interests to other entities or individuals without consideration or at unfair conditions, nor to prejudice the Company's interests by other means.</p>	<p>23 Feb. 2016</p>	<p>Till the completion of projects invested</p>	<p>Implementing</p>

	the Company	return arising from non-public issuance of shares	<p>2. I hereby undertake to restrain my role related consumption behaviors.</p> <p>3. I hereby undertake not to conduct any investment and consumption which is not related to performance of duties with utilization of any company assets.</p> <p>4. I hereby undertake that the remuneration system determined by the board of directors or the remuneration and examination committee be linked to implementation of the compensation of return measures.</p> <p>5. In case that the Company adopts share based incentive plan in future, I hereby undertake that the exercise conditions of the incentive plan to be announced by the Company be linked to implementation of the compensation of return measures.</p> <p>6. For the period from the date of this commitment to the date of completion of this non-public issuance of shares, if the CSRC makes other new regulatory requirements on compensation of return measures and the commitment thereof, and in case that the above commitments cannot satisfy these new requirements from the CSRC, I hereby undertake to issue supplementary commitment in compliance with the latest CSRC requirements.</p> <p>As one of the principals responsible for compensation of return measures, I, in case of break of the above commitments or refuse to perform the above commitments, agree to receive relevant punishment or to adopt relevant administration measures according to the systems, rules and regulations of the CSRC and Shenzhen Stock Exchange.</p>		with the proceeds from this non-public issuance of shares	
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	The Company	<p>1. Promise to truly, accurately, completely, fairly and timely publish periodic reports, disclose all information that has significant impacts on the investors, and accept the supervision and management of China Securities Regulatory Commission and the Shenzhen Stock Exchange.</p> <p>2. Make commitments that the Company will publicly clarify in time after knowing any information on any public communications media that may cause misleading influence on the stock price</p> <p>3. The Company's directors, supervisors and senior executives will listen carefully to the opinions and criticisms of the public and never use any acquired inside information and other improper means to directly or indirectly engage in the trading activities of the Company's stock.</p>	12 Oct. 2016	Valid for long term	Strictly implemented
Perform the commitment promptly or not	√ Yes □ No				
If the commitments is not fulfilled on time, shall explain the specify reason and the next work plan	Not applicable				

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

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

Applicable Not applicable

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

Applicable Not applicable

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

Disclosure date for specific approval opinion on fund occupation from CPA: 29 March 2019

Disclosure index for specific approval opinion on fund occupation from CPA: Juchao website: www.cninfo.com.cn-- Specific Explanation on Non-operating capital occupation and Other related funds for year of 2018 of Changhong Meiling Co., Ltd.

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

Applicable Not applicable

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

Applicable Not applicable

Found more details in 35. Change of major accounting policy and estimation under IV. Major accounting policy and estimation carried in the Section XI. Financial Report

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

Applicable Not applicable

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

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

Applicable Not applicable

The Company’s consolidated financial statement included 47 subsidiaries including Sichuan Changhong Air-conditioner Co., Ltd., Zhongshan Changhong Electric Co., LTD and Zhongke Meiling Cryogenic Technology Co., Ltd. Etc.As compared to previous year, subsidiary Zhongshan Hongyou Electric Co.,Ltd, Shijiazhuang Meiling Electronic Appliance Marketing Co., Ltd, Guiyang Meiling Electronic Appliance Marketing Co., Ltd, Kunming Meiling Electronic Appliance

Marketing Co., Ltd, Chongqing Meiling Electronic Appliance Marketing Co., Ltd, Wuhu Meiling Electronic Appliance Marketing Co., Ltd., Changchun Meiling Electronic Appliance Marketing Co., Ltd, Jingzhou Meiling Electronic Appliance Marketing Co., Ltd, Nantong Meiling Electronic Appliance Marketing Co., Ltd, Harbin Meiling Electronic Appliance Marketing Co., Ltd and Shenyang Meiling Electronic Appliance Marketing Co., Ltd were excluded due to liquidation.

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

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

(i) Accounting firm appointed

Name of domestic accounting firm	Shine Wing Certified Public Accountants (LLP)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	125
Continuous life of auditing service for domestic accounting firm	10- Year
Name of domestic CPA	Li Xifu, Xia Cuiqiong
Continuous life of auditing service for domestic CPA	Li Xifu (2 years), Xia Cuiqiong (4 years)
Name of foreign accounting firm (if applicable)	N/A
Remuneration for foreign accounting firm (10 thousand Yuan) (if applicable)	N/A
Continuous life of auditing service for foreign accounting firm (if applicable)	N/A
Name of foreign CPA (if applicable)	N/A
Continuous life of auditing service for foreign CPA (if applicable)	-

(ii) Re-appointed accounting firms in this period

Yes No

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

Applicable Not applicable

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

X. Particular about suspended and delisting after annual report disclosed

Applicable Not applicable

XI. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period

XII. Significant lawsuits and arbitration of the Company

Applicable Not applicable

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

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

To maintain the independence and integrity of "Meiling" trademark and trade name, the Company carried out serials of lawsuits, attribution and administration suits with "Meiling" trademark and corporate name concerned, please found more in 2014 first quarter report, 2014 semi-annual report, the 2014 annual report disclosed respectively on April 19, 2014, August 12, 2014, and March 26, 2014 for the relevant progress. Up to now, 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 Holdings Limited 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.

XIII. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

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

Applicable Not applicable

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

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

√ Applicable □ Not applicable

Implementation for annual performance incentive fund

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

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

See details in "Implementation of the company's annual incentive fund" in "XI Implementation of the company's stock incentive plan, employee stock ownership plan, or other employee incentive measures" in "Section V Important Events" of the company's "2018 Semi-Annual Report" disclosed on 15 August 2018

According to the provisions of the Incentive Plan and the commitment of all incentive targets, the purchase of the Company's stock will not be reduced by any market means in the first year from the date of purchase, of which 50% can be reduced according to laws and regulations after the second year, and of which the remaining 50% can be reduced according to laws and regulations after the third year. In addition, the incentive targets who are also the company's directors, supervisors and senior executives should at the same time promise to follow the Company Law, Securities Law, and the Company's Shares Held by the Directors, Supervisors and Senior Executives of Listed Companies and Its Changes Management Rules and other related management methods to regulate the operation.

Up to the end of this reporting period, the company's stock purchased by some 2012 annual performance incentive objects (non-directors, supervisors and senior management), 2013 annual performance incentive objects (non-directors, supervisors and senior management), the 2014 annual performance incentive objects (non-directors, supervisors and senior management) with their granted 2012 annual performance incentive funds and own funds and 2013 & 2014 annual performance incentive funds and own funds have been fully released for trading; details of the share reduction for the above mentioned objects see below; if the holding period of the company's shares which are purchased by the 2016 annual performance incentive targets with their awarded 2016 annual performance incentive funds and their own funds is less than two years, all shares purchased by the incentive targets will be locked in accordance with their commitments. The Company's shares purchased by the current directors, supervisors and senior executives among the performance incentive targets due to the implementation of the 2012, 2013, 2014 and 2016 annual performance incentive plans have not reduced the shareholdings.

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

Ended as 31 December 2018, shares hold by all incentive objects amounting to 11,797,430 shares, a 1.1294 % in total share capital of the Company, including 10,107,537 A-share, a 0.9676% in total share capital and 1,689,893 B-share, a 0.1618% in total share capital of the Company. Other grantees of the 2012, 2013, 2014 and 2016 incentive plan (not being directors, supervisors and senior management) have reduced holding of 4,716,385 in aggregate, accounting for about 0.4515% of the total share capital and 582,377 shares are reduced in the reporting period.

XVI. 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 over the approved limited or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure
1	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Commodity purchase	Plastic particles, IC, discharge tube, plate and plastic pieces etc.	Marketing price	33,040.87	33,040.87	2.59%	57,000	No	Spot exchange, Bank acceptance	-	30 March 2018; 11 May; 15 May; 11 Dec.	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
2	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchase	Compressor etc.	Marketing price	53,248.03	53,248.03	4.17%	60,000	No	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
3	Sichuan Changhong Mold	Other enterprise control	Commodity purchase	Plastic products etc.	Marketing price	73,348.73	73,348.73	5.75%	110,000	No	Spot exchange, bank and	-	30 March 2018, 11 May 2018, 15	Juchao Website(www.cninfo.com.cn)No.: 2018-005、

	Plastic Tech. Co., Ltd.	under the same controlling shareholder and ultimate controller	d								commercial acceptance		May , 11 December 2018	2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
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	Marketing price	30,669.97	30,669.97	2.40%	62,000	No	Spot exchange, bank and commercial acceptance	-	30 March 2018, 11 May 2018, 15 May , 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
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	10,413.66	10,413.66	0.82%	22,000	No	Spot exchange, bank and commercial acceptance	-	30 March 2018, 11 May 2018, 15 May , 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
6	Sichuan Changhong Precision	Other enterprise control	Commodity purchased	Printed boards and assemblies	Marketing price	6,325.00	6,325.00	0.50%	24,000	No	Spot exchange, bank and	-	30 March 2018, 11 May 2018, 15	Juchao Website(www.cninfo.com.cn)No.: 2018-005、

	Electronics Tech. Co., Ltd.	under the same controlling shareholder and ultimate controller	d	etc.							commercial acceptance		May , 11 December 2018	2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
7	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchase	Battery	Marketing price	4.18	4.18	0.00%	5,200	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May , 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
8	081 Electronic Group	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchase	Power transformer etc.	Marketing price	184.39	184.39	0.01%	5,200	No	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018, 15 May , 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
9	Guangdong Changhong	Other enterprise control	Commodity purchase	Foam pieces etc.	Marketing price	423.80	423.80	0.03%	5,200	No	Spot exchange, bank and	-	30 March 2018, 11 May 2018, 15	Juchao Website(www.cninfo.com.cn)No.: 2018-005、

	Electronics Co., Ltd.	under the same controlling shareholder and ultimate controller	d								commercial acceptance		May , 11 December 2018	2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
10	Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Junction plate, sprocket shaft etc.	Marketing price	47.03	47.03	0.00%	5,200	No	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018, 15 May , 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
11	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Food	Marketing price	17.65	17.65	0.00%	5,200	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May , 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
12	Sichuan Zhiyijia Network	Other enterprise control	Commodity purchased	Electronic products	Marketing price	20.78	20.78	0.00%	5,200	No	Spot exchange	-	30 March 2018, 11 May 2018, 15	Juchao Website(www.cninfo.com.cn)No.: 2018-005、

	Technology Co., Ltd.	under the same controlling shareholder and ultimate controller	d										May, 11 December 2018	2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
13	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	PCB, remote control, transformer, etc	Marketing price	2,885.43	2,885.43	0.23%	7,000	No	Spot exchange, bank and commercial acceptance	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
14	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Exit slip	Marketing price	0.04	0.04	0.00%	5,200	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
15	Sichuan Ailian Science &	Other enterprise control	Commodity purchased	Internet module, control	Marketing price	1,167.16	1,167.16	0.09%	5,200	No	Spot exchange, bank and	-	30 March 2018, 11 May 2018, 15	Juchao Website(www.cninfo.com.cn)No.: 2018-005、

	Technology Co., Ltd.	under the same controlling shareholder and ultimate controller	d	panel etc.							commercial acceptance		May , 11 December 2018	2018-008、2018-029、 2018-047、2018-052、 2018-071、2018-073
16	Hunan Grand-Pro Intelligent Tech. Company	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	V-BOT	Marketing price	230.21	230.21	0.02%	650	No	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018, 15 May , 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、 2018-008、2018-029、 2018-047、2018-052、 2018-071、2018-073
17	Sichuan Aichuang Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Power line, control panel etc.	Marketing price	5,211.18	5,211.18	0.41%	5,200	No	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018, 15 May , 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、 2018-008、2018-029、 2018-047、2018-052、 2018-071、2018-073
18	Sichuan Changhong Communic	Other enterprise control	Commodity purchased	Robot	Marketing price	2.58	2.58	0.00%	5,200	No	Spot exchange	-	30 March 2018, 11 May 2018, 15	Juchao Website(www.cninfo.com.cn)No.: 2018-005、

	ation Tech. Co., Ltd.	under the same controlling shareholder and ultimate controller	d										May , 11 December 2018	2018-008、2018-029、 2018-047、2018-052、 2018-071、2018-073
19	Sichuan Changhong Electronic System Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Display panel splicing screen system	Marketing price	4.74	4.74	0.00%	5,200	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May , 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、 2018-008、2018-029、 2018-047、2018-052、 2018-071、2018-073
20	Sichuan Changhong Electronics Holding Group Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Regular bus fee	Marketing price	92.16	92.16	0.05%	9,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May , 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、 2018-008、2018-029、 2018-047、2018-052、 2018-071、2018-073
21	Sichuan Changhong Electric	Controlling shareholder	Accept the services	Information system services,	Marketing price	2,325.74	2,325.74	1.23%	5,000	No	Spot exchange, Bank	-	30 March 2018, 11 May 2018, 15	Juchao Website(www.cninfo.com.cn)No.: 2018-005、

	Co., Ltd.	r and ultimate controller		repair fees, shared service fees							acceptance		May , 11 December 2018	2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
22	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	53,790.08	53,790.08	28.35%	71,000	No	Spot exchange, bank and commercial acceptance	-	30 March 2018, 11 May 2018, 15 May , 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
23	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Processing charges etc.	Marketing price	16.59	16.59	0.01%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May , 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
24	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder	Accept the services	After-sale and installation maintenance , etc.	Marketing price	19,496.07	19,496.07	10.27%	25,000	No	Spot exchange, bank and commercial acceptance	-	30 March 2018, 11 May 2018, 15 May , 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073

		r and ultimate controller												
25	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Software usage fee	Marketing price	113.02	113.02	0.06%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
26	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Service fee for network service	Marketing price	103.24	103.24	0.05%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
27	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder	Accept the services	Maintenance costs and business activity fee	Marketing price	21.97	21.97	0.01%	9,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073

		r and ultimate controller												
28	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	38.86	38.86	0.02%	9,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
29	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	87.00	87.00	0.05%	9,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
30	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder	Accept the services	Property management fee and maintenance fee	Marketing price	83.66	83.66	0.04%	9,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073

		r and ultimate controller												
31	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	51.87	51.87	0.03%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
32	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Platform licensing	Marketing price	740.93	740.93	0.39%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
33	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder	Accept the services	Communication fee	Marketing price	7.87	7.87	0.00%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073

		r and ultimate controller												
34	Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Installation cost	Marketing price	590.08	590.08	0.31%	9,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
35	Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Eco fees	Marketing price	11.56	11.56	0.01%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
36	Sichuan Changhong Jiahua Information Products Co., Ltd.	Other enterprise control under the same controlling shareholder	Accept the services	Network fee	Marketing price	0.60	0.60	0.00%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073

		r and ultimate controller												
37	BVCH Optronics (Sichuan) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	HR service	Marketing price	6.79	6.79	0.00%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
38	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	HR service	Marketing price	38.86	38.86	0.02%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
39	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Purchase fuel and power	Water, electricity and gas	Marketing price	2,026.44	2,026.44	0.16%	57,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073

40	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase fuel and power	Steam	Marketing price	72.04	72.04	0.01%	130	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
41	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase fuel and power	Water, electricity etc.	Marketing price	168.04	168.04	0.01%	5,200	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
42	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	37.75	37.75	0.00%	5,200	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073

43	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	5.07	5.07	0.00%	5,200	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
44	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Sales of goods	Air-conditioner, small appliances and fresh etc.	Marketing price	5,163.23	5,163.23	0.30%	32,000	No	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
45	Sichuan Changhong Electronics Holding Group Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh, air-conditioner and refrigerator	Marketing price	148.96	148.96	0.01%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
46	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the	Sales of goods	Color board and door shell component	Marketing price	5,847.80	5,847.80	0.33%	12,000	No	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

		same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
47	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 and AC etc.	Marketing price	19,906.13	19,906.13	1.14%	23,000	No	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018, 15 May , 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
48	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	2,324.80	2,324.80	0.13%	15,000	No	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018, 15 May , 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
49	PT.CHANGHONG ELECTRIC INDONESIA	Other enterprise control under the	Sales of goods	Refrigerator and freezer	Marketing price	711.24	711.24	0.04%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May , 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

	A	same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
50	CHANGHONG(HK) TRADING LIMITED	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	21,867.52	21,867.52	1.25%	120,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
51	CHANGHONGELECTRIC(AUSTRALIA)	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator, freezer	Marketing price	2,557.96	2,557.96	0.15%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
52	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the	Sales of goods	Fresh etc.	Marketing price	17.24	17.24	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

		same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
53	Sichuan Changhong Device Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner, fresh	Marketing price	19.10	19.10	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
54	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator, washing machine, Air-conditioner	Marketing price	252.69	252.69	0.01%	15,000	No	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.:2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
55	Sichuan Service Exp. Appliance	Other enterprise control under the	Sales of goods	Maintenance parts etc.	Marketing price	1,443.58	1,443.58	0.08%	15,000	No	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

	Service Chain Co., Ltd.	same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
56	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	1,585.49	1,585.49	0.09%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
57	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner, refrigerator etc.	Marketing price	205.04	205.04	0.01%	15,000	No	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
58	Sichuan Huafeng Corp. Group	Other enterprise control under the	Sales of goods	Fresh	Marketing price	29.84	29.84	0.00%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

		same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
59	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	254,723.26	254,723.26	14.56%	420,000	No	Spot exchange, bank and commercial acceptance	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
60	Sichuan Changhong Property Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	112.08	112.08	0.01%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
61	Sichuan Changhong Network Technology	Other enterprise control under the	Sales of goods	Fresh	Marketing price	29.41	29.41	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

	y Co., Ltd.	same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
62	Chengdu Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	0.12	0.12	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
63	Sichuan Changhong Wisdom Health Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	1.02	1.02	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
64	Sichuan Changhong Property Service	Other enterprise control under the	Sales of goods	Air-conditioner, fresh	Marketing price	2.71	2.71	0.00%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

	Co., Ltd.	same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
65	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner etc.	Marketing price	298.73	298.73	0.02%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
66	Sichuan Huanyu Industrial Co. Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner, fresh	Marketing price	16.84	16.84	0.00%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
67	Sichuan Changhong Xinrui Tech. Co.	Other enterprise control under the	Sales of goods	Fresh	Marketing price	0.14	0.14	0.00%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

	Ltd.	same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
68	Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner, fresh	Marketing price	52.65	52.65	0.00%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
69	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	0.26	0.26	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
70	BVCH Optronics (Sichuan) Co., Ltd.	Other enterprise control under the	Sales of goods	Fresh	Marketing price	3.35	3.35	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

		same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
71	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	27.04	27.04	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
72	Sichuan Changhong Group Finance Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	5.72	5.72	0.00%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
73	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the	Sales of goods	Air-conditioner, R&D service	Marketing price	62.05	62.05	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

		same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
74	Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	7.93	7.93	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
75	Sichuan Changhong Power Source Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	10.64	10.64	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
76	Sichuan Changhong Education Technolog	Other enterprise control under the	Sales of goods	Air-conditioner, fresh	Marketing price	59.29	59.29	0.00%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

	y Co., Ltd.	same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
77	081 Electronic Group	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	434.53	434.53	0.02%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
78	GuangYuan Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner, refrigerator, freezer, washing machine etc.	Marketing price	160.00	160.00	0.01%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
79	Sichuan Ailian Science & Technolog	Other enterprise control under the	Sales of goods	Air-conditioner, fresh	Marketing price	27.80	27.80	0.00%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

	y Co., Ltd.	same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
80	Sichuan Changhong Venture Investment Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	0.20	0.20	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
81	Guangyuan Hongcheng Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	14.68	14.68	0.00%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
82	Sichuan Changhong Energy Sunshine	Other enterprise control under the	Sales of goods	Fresh	Marketing price	2.45	2.45	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cnNo.:)2018-005、2018-008、2018-029、

	Technology Co., Ltd.	same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
83	Sichuan Changhong Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	1.54	1.54	0.00%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
84	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	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cnNo.:)2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
85	Sichuan Hongcheng Real Estate Co., Ltd.	Other enterprise control under the	Sales of goods	Air-conditioner	Marketing price	9.46	9.46	0.00%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

		same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
86	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner, fresh	Marketing price	35.22	35.22	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
87	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner, fresh	Marketing price	36.19	36.19	0.00%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cnNo.:)2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
88	Sichuan Changhong Electronic System	Other enterprise control under the	Sales of goods	Bluetooth, fresh	Marketing price	2.60	2.60	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

	Co., Ltd.	same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
89	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh, refrigerator etc.	Marketing price	18.06	18.06	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
90	Orion.PDP .Co.,ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator , freezer	Marketing price	2,626.30	2,626.30	0.15%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
91	Changhong International Holdings	Other enterprise control under the	Sales of goods	Air-conditioner, fresh	Marketing price	58.92	58.92	0.00%	6,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

	(Hong Kong) Co., Ltd.	same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
92	Changhong EuropeElectrics.r.o	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator	Marketing price	14.14	14.14	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
93	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	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
94	CHANGHONGELECTRICMIDDLEAS	Other enterprise control under the	Sales of goods	Air-conditioner, refrigerator, freezer	Marketing price	1,125.27	1,125.27	0.06%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

	TFZE	same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
95	Sichuan Aichuang Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Juicer, air-conditioner	Marketing price	247.39	247.39	0.01%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
96	Yuanxin Financial Lease Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Fresh	Marketing price	0.08	0.08	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
97	Hunan Grand-Pro Intelligent Tech.	Other enterprise control under the	Sales of goods	Anti-counterfeit label	Marketing price	0.72	0.72	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

	Company	same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
98	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuels	Water and electricity fee	Marketing price	30.72	30.72	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
99	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuels	Water and electricity fee	Marketing price	2.92	2.92	0.00%	15,000	No	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cnNo.:)2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
100	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the	Provide fuels	Water and electricity fee	Marketing price	14.39	14.39	0.00%	12,000	No	Bank acceptance settlement	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

		same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
101	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuels	Water and electricity fee	Marketing price	785.39	785.39	0.04%	23,000	No	Bank acceptance settlement	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cnNo.:)2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
102	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuels	Water and electricity fee	Marketing price	0.78	0.78	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cnNo.:)2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
103	Sichuan Changhong Precision Electronics	Other enterprise control under the	Provide fuels	Water and electricity fee	Marketing price	0.92	0.92	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cnNo.:)2018-005、2018-008、2018-029、

	Tech. Co., Ltd.	same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
104	Sichuan Changhong Device Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuels	Water and electricity fee	Marketing price	101.53	101.53	0.01%	15,000	No	Bank acceptance settlement	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
105	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuels	Water and electricity fee	Marketing price	0.32	0.32	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
106	Shenzhen YijEn Technology Co., Ltd.	Other enterprise control under the	Provide fuels	Water and electricity fee	Marketing price	0.58	0.58	0.00%	15,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

		same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
107	Changhong International Holdings (Hong Kong) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Provide fuels	Water and electricity fee	Marketing price	0.44	0.44	0.00%	6,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
108	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	99.66	99.66	0.32%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
109	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the	Rent to the related party	Apartment	Marketing price	31.37	31.37	0.10%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

		same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
110	Sichuan Aichuang Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Forklift, warehouse	Marketing price	0.8	0.80	0.00%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
111	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	0.22	0.22	0.00%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
112	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the	Rent to the related party	Workshop, and 2# living area	Marketing price	5.03	5.03	0.02%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

		same controlling shareholder and ultimate controller										December 2018	2018-047、2018-052、2018-071、2018-073	
113	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 etc.	Marketing price	39.65	39.65	0.13%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
114	Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Warehouse	Marketing price	0.05	0.05	0.00%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.:2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
115	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the	Rent to the related party	Workshop, warehouse and forklift etc.	Marketing price	71.74	71.74	0.23%	5,000	No	Bank acceptance settlement	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

		same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
116	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Apartment, warehouse, forklift	Marketing price	11.66	11.66	0.04%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn) No.:2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
117	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	282.72	282.72	0.92%	5,000	No	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
118	Sichuan Changhong Mold Plastic	Other enterprise control under the	Rent to the related party	Workshop, warehouse etc.	Marketing price	292.59	292.59	0.95%	5,000	No	Bank acceptance settlement	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

	Tech. Co., Ltd.	same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
119	Sichuan Changhong Device Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Workshop, and 2# living area	Marketing price	106.21	106.21	0.35%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
120	Changhong International Holdings (Hong Kong) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Office and 2# living area	Marketing price	16.36	16.36	0.05%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
121	BVCH Optronics (Sichuan) Co., Ltd.	Other enterprise control under the	Rent to the related party	Freight elevator	Marketing price	5.25	5.25	0.02%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

		same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
122	Beijing Changhong Tech. Co. Ltd,	Other enterprise control under the same controlling shareholder and ultimate controller	Rent from the related party	office	Marketing price	36.47	36.47	0.12%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
123	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	47.96	47.96	0.16%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
124	Guangdong Changhong Electronics	Other enterprise control under the	Rent from the related party	Staff dormitory, workshop	Marketing price	105.38	105.38	0.34%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、

	Co., Ltd.	same controlling shareholder and ultimate controller											December 2018	2018-047、2018-052、2018-071、2018-073
125	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	0.04%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
126	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Rent from the related party	Workshop, office etc	Marketing price	1,337.21	1,337.21	4.35%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
127	Sichuan Changhong Electronics Holding Group Co., Ltd.	Other enterprise control under the same controlling shareholder and	Rent from the related party	Staff dormitory, workshop	Marketing price	15.42	15.42	0.05%	9,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073

		ultimate controller												
128	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	208.85	208.85	0.68%	9,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
129	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent from the related party	Staff dormitory	Marketing price	3.38	3.38	0.01%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
130	Mianyang Technology Town Big Data Technology Co., Ltd.	Other enterprise control under the same controlling shareholder	Purchasing fixed assets	Workshop construction	Marketing price	26.01	26.01	0.03%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073

		r and ultimate controller												
131	Sichuan Aichuang Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchasing fixed assets	Juicer, vending machine	Marketing price	194.36	194.36	0.23%	9,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
132	Sichuan Hongcheng Real Estate Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchasing fixed assets	Workshop construction	Marketing price	39.32	39.32	0.05%	9,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
133	四川虹城建筑工程有限公司	Other enterprise control under the same controlling shareholder	Purchasing fixed assets	Workshop construction	Marketing price	45.05	45.05	0.05%	9,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073

		r and ultimate controller												
134	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchasing fixed assets	Information system etc.	Marketing price	520.38	520.38	0.62%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
135	Sichuan Huanyu Industrial Co. Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchasing fixed assets	Workshop construction	Marketing price	564.83	564.83	0.67%	9,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
136	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Purchasing fixed assets	Workshop construction, information system	Marketing price	774.36	774.36	0.92%	5,000	No	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073

137	Sichuan Changhong Electronics Holding Group Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchasing fixed assets	Workshop construction	Marketing price	387.68	387.68	0.46%	9,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
138	Sichuan Changhong Energy Sunshine Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchasing fixed assets	Workshop construction	Marketing price	91.3	91.30	0.11%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
139	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchasing fixed assets	Workshop construction	Marketing price	31.07	31.07	0.04%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073

140	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchasing fixed assets	Air-conditioner	Marketing price	0.3	0.30	0.00%	5,000	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
141	Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchasing fixed assets	Production line construction etc	Marketing price	3,290.92	3,290.92	3.92%	6,000	No	Spot exchange, Bank acceptance	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073
142	Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of fixed assets	Mould, air-conditioner	Marketing price	2.9	2.90	0.14%	9,500	No	Spot exchange	-	30 March 2018, 11 May 2018, 15 May, 11 December 2018	Juchao Website(www.cninfo.com.cn)No.: 2018-005、2018-008、2018-029、2018-047、2018-052、2018-071、2018-073

143	Yuanxin Financial Lease Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	commercial factoring and financial reconciliation business etc.	commercial factoring and financial reconciliation business etc.	Marketing price	168.68	168.68		300	No	Spot exchange	-	-	-
Total					--	--	629,383.47	--	--	--	--	--	--	--
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 1,595,563,600 occurred in reporting period									
					2. It is estimated that the related transaction amount resulted by purchasing goods (including compressor purchased) from Changhong Huayi and its subsidiary by the Company for year of 2018 was RMB 606.5 million at most (tax-excluded), actually RMB 534,782,400 occurred in reporting period									
					3. It is estimated that the related transaction amount resulted by purchasing or selling equipment, software, maintenance and spare parts and molds etc. from Sichuan Changhong and its subsidiary by the Company for year of 2018 was RMB 50 million at most (tax-excluded), actually RMB 14,434,200 occurred in reporting period									
					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 6280 million at most (tax-included), actually RMB 3,183,862,000 occurred in reporting period									
					5. It is estimated that the related transaction amount resulted by accepting energy, power and service from Changhong Huayi and its subsidiary by the Company for year of 2018 was RMB 1.3 million at most (tax-included), actually RMB 720,400 occurred in reporting period									
					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 25,063,600 occurred in reporting period									
					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 537,900,800 occurred in reporting period									
					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, actually RMB 194,960,700 occurred in reporting period.									

	<p>9. It is estimated that the related transaction amount resulted by accepting other service and labor service etc. or providing other service and labor service etc. to Sichuan Changhong and its subsidiary by the Company for year of 2018 was RMB 50 million at most (tax-excluded), actually RMB 34,170,700 occurred in reporting period</p>
	<p>10. It is estimated that the related transaction amount resulted by selling goods from Sichuan Changhong Electronics Holding Group Co., Ltd and its subsidiary by the Company for year of 2018 was RMB 95 million at most (tax-excluded), actually RMB 49,577,600 occurred in reporting period.</p>
	<p>11. It is estimated that the related transaction amount resulted by purchasing goods and receiving labor services, fuel power, leasing and purchasing equipment etc. from Sichuan Changhong Electronics Holding Group Co., Ltd and its subsidiary by the Company for year of 2018 was RMB 160 million at most (tax-excluded), actually RMB 121,111,900 occurred in reporting period.</p>
<p>Reasons of major difference between the trading price and market price</p>	<p>Not applicable</p>

Note: According to relevant provisions of the Stock Listing Rules of the Shenzhen Stock Exchange and the Authorization Management System of the company, the related transactions between the company and related parties amounting to less than 3 million yuan (including 3 million yuan) can only be implemented after being approved by the company's president. Therefore, during the reporting period, the related transactions carried out by the company and the related party, Yuanxin Financial Lease Co., Ltd., amounting to less than 3 million yuan has been approved by the company's president.

2. Related transactions with Changhong 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 31 December 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 3,119,117,207.91 Yuan savings in Changhong Finance Company, takes 28.41% of the deposit taking balance in Changhong Finance Company without 30% occupied, balance of notes drawing at period-end was 819,806,514.07 Yuan and balance of notes discounted outstanding as 772,233,395.98 Yuan. More details are:

In RMB/CNY

Item	Balance at year-begin	Increased in the Year	Decreased in the Year	Balance at year-end	Interest and commission charge received or paid
I. Savings in Changhong Group Finance Company	2,762,513,703.88	45,997,197,744.62	45,640,594,240.59	3,119,117,207.91	103,532,219.23
II. Borrowings from Changhong Group Finance Company	-	113,400,000.00	113,400,000.00	-	2,981,085.00
1.Short-term loans	-	113,400,000.00	113,400,000.00	-	2,981,085.00
2.Long-term loans	-	-	-	-	-
III. Other financial					

Item	Balance at year-begin	Increased in the Year	Decreased in the Year	Balance at year-end	Interest and commission charge received or paid
business					
1.notes drawing	721,645,627.87	1,790,388,282.05	1,692,227,395.85	819,806,514.07	771,936.36
2.notes discounted	699,356,853.98	1,312,666,811.99	1,239,790,269.99	772,233,395.98	13,533,515.67

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 29 March 2019

(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

1.Claim receivable from related party

Serial	Related party	Relationship	Causes	Whether has non-business capital occupying or not	Balance at period-begin (10 thousand Yuan)	Current newly added(10 thousand Yuan)	Current collected(10 thousand Yuan)	Interest rate	Current interest (10 thousand Yuan)	Balance at period-end (10 thousand Yuan)
1	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Operational contact of related credit	No	181.46	5,163.23	3,917.93	-	-	1,426.76
2	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Operational contact of related credit	No	10.06	148.96	154.05	-	-	4.96
3	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	36.19	33.15	-	-	3.04
4	Anhui Xinhao Plasma Display Panel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	6.30	-	6.30	-	-	-
5	Yibin Red-Star Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	91.74	91.74	-	-	-
6	Sichuan Changhong Xinrui Tech. Co. Ltd.	Other enterprise control under the same controlling shareholder	Operational contact of related credit	No	-	0.14	0.14	-	-	-

		and ultimate controller								
7	Sichuan Huafeng Corp. Group	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	29.84	29.84	-	-	-
8	Sichuan Huanyu Industrial Co. Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	16.84	16.52	-	-	0.32
9	Sichuan Changhong Group Finance Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	0.93	5.72	6.65	-	-	-
10	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	16.84	20,984.10	20,901.21	-	-	99.73
11	Lejiayi Chain Management Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	86.71	2,324.80	2,130.50	-	-	281.01
12	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	236.41	236.41	-	-	-
13	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder	Operational contact of related credit	No	1.98	62.05	27.68	-	-	36.35

		and ultimate controller								
14	Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	7.98	7.98	-	-	-
15	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	198.98	5,933.93	6,132.08	-	-	0.83
16	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	29.41	29.41	-	-	-
17	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	36.39	23.05	48.01	-	-	11.44
18	PT.CHANGHONG ELECTRICINDONESIA	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	2.56	711.24	334.28	-	-	379.53
19	CHANGHONG(HK)TRADINGLIMITED	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	9,204.12	21,867.52	28,083.21	-	-	2,988.43
20	CHANGHONGELECTRIC(AUSTRALIA)	Other enterprise control under the same controlling shareholder	Operational contact of related credit	No	896.60	2,557.96	1,776.27	-	-	1,678.29

		and ultimate controller								
21	Sichuan Changhong Property Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	19.87	112.08	105.73	-	-	26.22
22	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	65.35	1,483.55	1,466.30	-	-	82.60
23	Chengdu Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	43.45	0.17	0.00	-	-	43.62
24	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	29,257.00	254,723.26	233,408.23	-	-	50,572.03
25	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	1.06	429.11	401.13	-	-	29.04
26	Sichuan Changhong Power Source Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	3.04	10.64	13.68	-	-	-
27	Sichuan Changhong Minsheng Logistics	Other enterprise control under the same	Operational contact of	No	-	538.32	510.75	-	-	27.57

	Co., LTD	controlling shareholder and ultimate controller	related credit							
28	Sichuan Changhong Device Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	226.84	226.84	-	-	-
29	Sichuan Changhong Wisdom Health Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	1.02	1.02	-	-	-
30	Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	52.79	1,544.26	0.00	-	-	1,597.05
31	Mianyang Technology Town Big Data Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	0.26	0.26	-	-	-
32	BVCH Optronics (Sichuan) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	8.60	8.60	-	-	-
33	Shenzhen YijEn Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	0.18	1.25	0.00	-	-	1.43
34	Sichuan Changhong	Other enterprise control	Operational	No	1.50	30.64	27.75	-	-	4.39

	Precision Electronics Tech. Co., Ltd.	under the same controlling shareholder and ultimate controller	contact of related credit							
35	Sichuan Changhong Education Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	59.29	59.29	-	-	-
36	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	0.77	2.71	3.19	-	-	0.30
37	081 Electronic Group	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	434.53	409.33	-	-	25.20
38	GuangYuan Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	160.00	160.00	-	-	-
39	Sichuan Ailian Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	28.02	28.02	-	-	-
40	ChanghongEuropeElectrics.r.o	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No		14.14	0.98	-	-	13.16

41	CHANGHONGELE CTRICMIDDLEEA STFZE	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No		1,125.27	786.07	-	-	339.20
42	Sichuan Aichuang Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No		248.19	151.75	-	-	96.44
43	Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No		1,588.39	1,588.39	-	-	-
44	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No		27.04	27.04	-	-	-
45	Yuanxin Financial Lease Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No		0.08	0.08	-	-	-
46	Hunan Grand-Pro Intelligent Tech. Company	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No		0.72	0.72	-	-	-
47	Sichuan Changhong Venture Investment Co., Ltd.	Other enterprise control under the same controlling shareholder	Operational contact of related credit	No	-	0.20	0.20	-	-	-

		and ultimate controller								
48	Guangyuan Hongcheng Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	14.68	14.68	-	-	-
49	Sichuan Changhong Energy Sunshine Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	2.45	2.45	-	-	-
50	Sichuan Changhong Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	1.54	1.54	-	-	-
51	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	4.50	3.80	8.30	-	-	-
52	Sichuan Hongcheng Real Estate Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	14.74	9.46	24.20	-	-	-
53	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	0.37	-	0.37	-	-	-
54	Sichuan Changhong New Energy Technology Co.,	Other enterprise control under the same controlling shareholder	Operational contact of related credit	No	17.32	35.22	27.73	-	-	24.81

	Ltd.	and ultimate controller								
55	Sichuan Changhong Electronic System Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	2.60	2.60	-	-	-
56	Orion.PDP.Co.,ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	1,008.30	2,626.30	1,391.58	-	-	2,243.02
57	Changhong International Holdings (Hong Kong) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	11.11	75.73	84.66	-	-	2.18
Total					41,144.29	325,801.48	304,906.84	-	-	62,038.93

2. Debts payable to related party

Serial	Related party	Relationship	Causes	Balance at period-begin (10 thousand Yuan)	Current newly added (10 thousand Yuan)	Amount returned (10 thousand Yuan)	Interest rate	Current interest (10 thousand Yuan)	Balance at period-end (10 thousand Yuan)
1	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Operational contact of related debt	6,195.50	39,504.62	44,146.67	-	-	1,553.45
2	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Operational contact of related debt	0.51	495.26	415.51	-	-	80.26

3	CHANGHONG(HK)TR ADINGLIMITED	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	246.66	-	39.05	-	-	207.60
4	CHANGHONGELECTR ICMIDDLEEASTFZE	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	0.16	-	0.16	-	-	-
5	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	223.89	800.46	1,024.36	-	-	-
6	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	10,565.03	53,323.45	53,277.26	-	-	10,611.22
7	Lejiayi Chain Management Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	8.22	-	6.19	-	-	2.03
8	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	57.19	762.01	818.47	-	-	0.74
9	Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	1,031.26	3,928.03	3,787.16	-	-	1,172.12

10	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	165.84	65.54	231.38	-	-	-
11	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	558.45	19,496.07	20,028.65	-	-	25.87
12	Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	3,463.89	10,413.66	12,942.04	-	-	935.51
13	Sichuan Changhong Power Source Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	0.49	-0.00	-	-	0.49
14	Sichuan Changhong Device Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	941.09	-	938.77	-	-	2.33
15	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt		2,924.29	2,718.80	-	-	205.49
16	Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	114.88	11.56	67.58	-	-	58.85

17	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	4.28	38.86	30.99	-	-	12.15
18	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	10,612.53	30,669.97	39,509.96	-	-	1,772.54
19	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	3,790.08	6,325.00	10,011.60	-	-	103.47
20	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	3,268.72	53,790.08	52,341.60	-	-	4,717.20
21	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	17,964.15	73,365.32	88,375.55	-	-	2,953.92
22	Sichuan Changhong Xinrui Tech. Co. Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	30.69	-	30.69	-	-	-
23	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	4.18	4.18	-	-	-

24	Beijing Changhong Tech. Co. Ltd,	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	36.47	36.47	-	-	-
25	Sichuan Changhong Electronic System Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	4.74	4.74	-	-	-
26	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	2.83	39.62	38.12	-	-	4.33
27	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	56.47	633.40	687.75	-	-	2.12
28	四川虹城建筑工程有限公司	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	45.05	45.05	-	-	-
29	Sichuan Changhong International Travel Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	87.00	87.00	-	-	-
30	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	0.41	297.62	298.03	-	-	-

31	Hefei Changhong New Energy Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	37.75	37.75	-	-	-
32	Mianyang Technology Town Big Data Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt		26.01	15.87	-	-	10.14
33	Sichuan Changhong Jiahua Information Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt		0.60	0.60	-	-	-
34	BVCH Optronics (Sichuan) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt		6.79	6.79	-	-	-
35	Sichuan Huanyu Industrial Co. Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt		564.83	264.83	-	-	300.00
36	Sichuan Changhong Energy Sunshine Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt		91.30	86.00	-	-	5.30
37	Hunan Grand-Pro Intelligent Tech. Company	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt		230.21	181.46	-	-	48.75

38	Sichuan Aichuang Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt		5,405.54	4,503.14	-	-	902.40
39	Sichuan Changhong Communication Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt		2.58	2.58	-	-	-
40	Yuanxin Financial Lease Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	0	168.68	0.00	-	-	168.68
41	081 Electronic Group	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	353.50	184.39	535.39	-	-	2.51
42	Sichuan Ailian Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	181.66	1,167.16	1,178.63	-	-	170.19
43	Sichuan Changhong Education Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	21.13	-	21.13	-	-	-
44	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	0.02	38.94	37.62	-	-	1.35

45	Chengdu Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	47.96	47.96	-	-	-
46	Sichuan Hongcheng Real Estate Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	39.32	39.32	-	-	-
47	GuangYuan Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	3.71	27.34	0.00	-	-	31.04
48	Yibin Red-Star Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	58.20	-	58.20	-	-	-
49	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	0.23	2.13	0.00	-	-	2.36
50	ChanghongEuropeElectrics.r.o	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	0.44	-	0.44	-	-	-
51	Sichuan Hongyu Metal Manufacturing Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	89.39	134.82	222.74	-	-	1.47

Total	60,011.01	305,239.09	339,184.22	-	-	26,065.88
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For the above-mentioned statement, up to the Period-end, debts payable to related party from the Company and subordinate are amounting as 260,658,800 Yuan in total, the claim receivable from related party for the Company and subordinate amounting as 620,389,300 Yuan.

(v) Other related transactions

√ Applicable □ Not applicable

1. On August 14, 2018, the resolution of the 14th meeting of the ninth board of directors of the company passed and agreed the company to newly add the planning for purchasing cleaning robots from Hunan Grand-Pro Intelligent Tech. Company, a subsidiary of Changhong Huayi Compressor Co., Ltd., by the company and its holding subsidiaries and other daily related transactions in 2018 amounting to 6.5 million yuan at most (excluding tax).
2. On December 10, 2018, the resolutions of the 17th meeting of the ninth board of directors and the 9th meeting of the ninth board of supervisors of the company passed and agreed the company to newly add the planning on sales of goods and purchase of goods between the company and its holding subsidiaries with Sichuan Changhong Mold Plastic Tech. Co., Ltd., a subsidiary of Sichuan Changhong Electric Co., Ltd. (hereinafter referred to as “Sichuan Changhong”), and Sichuan Changhong Electronics Holding Group Co., Ltd. and its subsidiaries and other daily related transactions in 2018 amounting to 110 million yuan at most(excluding tax).
3. On December 10 and December 27, 2018, the resolutions of the 17th meeting of the ninth board of directors and the 9th meeting of the ninth board of supervisors of the company and the 4th extraordinary general meeting of 2018 passed and agreed the estimated daily related transactions between the company and its holding subsidiaries with the related parties in 2019 is not more than 12,362.30 million yuan (excluding tax).
4. On December 10 and December 27, 2018, the resolutions of the 17th meeting of the ninth board of directors and the 9th meeting of the ninth board of supervisors of the company and the 4th extraordinary general meeting of 2018 passed and agreed the company to continue to carry out related transactions in financial services such as deposits and loans with Sichuan Changhong Group Finance Co., Ltd. in 2019.

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

Interim report	Disclosure date	Website for disclosure
Notice of Resolution of 14 th session of 9 th BOD (No.: 2018-047); New Prediction of the Routine Related Transactions for Year of 2018 (No.: 2018-052)	15 August 2018	Juchao Website: http://www.cninfo.com.cn
Notice of Resolution of 17 th session of 9 th BOD (No.: 2018-071); Notice of Resolution of 9 th session of 9 th Supervisory Committee (No.: 2018-072); New Prediction of the Routine Related Transactions for Year of 2018 (No.: 2018-073) Prediction of the Continuous Related Transactions with Sichuan	11 December 2018 28 December 2018	Juchao Website: http://www.cninfo.com.cn

Changhong Group Finance Co., Ltd. For 2019 (No.: 2018-074); Prediction of the Routine Related Transactions for Year of 2019 (No.: 2018-075); Notice of Resolution of 4 th Interim Shareholders General Meeting of 2018 (No.: 2018-079)		
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XVII. Significant contract and implementations

(i) Entrust, contract and leasing

1. Entrust

Applicable Not applicable

No entrust in Period.

2. Contract

Applicable Not applicable

No contract in Period.

3. Leasing

Applicable Not applicable

(1) Leasing

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.

(2) 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) Major guarantee

Applicable Not applicable

1. Guarantee

During the reporting period, the company did not provide guarantees to any legal person or natural person other than the wholly-owned and holding subsidiaries. The guarantees provided by the company to the wholly-owned and holding subsidiaries are guarantees for supporting bank credits generated by its production and operation. The guaranty style is the guarantee.

Up to 31 December 2018, the company guaranteed for the bank credit of parts of the wholly-owned and controlling subsidiaries of the Company, balance of guarantee are including in the limit approved by Shareholder General Meeting and the Board. The external guarantees of the Company and subsidiaries are as follows:

In 10 thousand Yuan

Particulars about the external guarantee of the Company and subsidiaries (Barring the guarantee for subsidiaries)								
Name of the 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
Dealer of Changhong Meiling Co., Ltd.	Notice No.: 2015-038, No. : 2015-040 and No.:2015-064 released on 29 Aug. 2015 and 23 Dec. 2015 respectively; Notice No.:2016-068, No.:2016-072 and No.: 2016-077 released on 26 Nov. 2016 and 14 Dec. 2016	20,000	29 June 2016	15.00	Joint liability guaranty	One year	Yes	No
Dealer of Sichuan Changhong Air-conditioner Co., Ltd.	Notice No.:2015-038, No.: 2015-040 and No.:2015-064 released on 29 Aug. 2015 and on 23 Dec. 2015 respectively; Notice No.:2016-068, No.: 2016-072 and No.:2016-077 released on 26 Nov. 2016 and 14 Dec. 2016	20,000	14 Oct. 2016	111.00	Joint liability guaranty	One year	Yes	No
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	Guarantee for related party

d							or not	
Zhongshan Changhong Electric Co., LTD	Notice No.:2016-027, No.:2016-031 and No.:2016-046 released on 25 March 2016 and 5 May respectively	56,500	28 Oct. 2016	5,000	Joint liability guaranty	One year	Yes	No
			22 Jan. 2017	5,500	Joint liability guaranty	One year	Yes	No
	Notice No.:2017-010, No.:2017-014 and No.:2017-031 released on 30 March 2017 and 5 May respectively	70,000	24 Feb. 2017	6,000	Joint liability guaranty	One year	Yes	No
			1 Mar. 2017	20,000	Joint liability guaranty	One year	Yes	No
			23 June 2017	10,000	Joint liability guaranty	One year	Yes	No
			24 July 2017	5,000	Joint liability guaranty	One year	Yes	No
			6 Nov. 2017	10,000	Joint liability guaranty	One year	Yes	No
	Notice No.:2018-005, No.:2018-009 and No.:2018-029 released on 30 March 2018 and 11 May respectively	70,000	30 March 2018	10,000	Joint liability guaranty	One year	No	No
			11 April 2018	6,000	Joint liability guaranty	One year	No	No
			12 April 2018	5,000	Joint liability guaranty	One year	No	No
			18 April 2018	5,500	Joint liability guaranty	One year	No	No
			21 August 2018	5,000	Joint liability guaranty	One year	No	No
			11 Sept.2018	10,000	Joint liability guaranty	One year	No	No
11 Oct. 2018			5,000	Joint liability guaranty	One year	No	No	
25 Oct. 2018	10,000	Joint liability guaranty	One year	No	No			
Guangdong Changhong Ridian Technolo	10,500	13 August 2017	4,500	Joint liability guaranty	One year	Yes	No	
		14 Nov. 2017	4,000	Joint liability guaranty	One year	Yes	No	
		15 Dec. 2017	2,000	Joint liability	One	Yes	No	

gy Co., Ltd.					guaranty	year		
	Notice No.:2018-005, No.:2018-009 and No.:2018-029 released on 30 March 2018 and 11 May respectively	25,500	31 Aug. 2018	4,000	Joint liability guaranty	One year	No	No
			22 Sept. 2018	4,500	Joint liability guaranty	One year	No	No
Zhongke Meiling Cryogenic Technology Co., Ltd.	Notice No.:2017-010, No.:2017-014 and No.:2017-031 released on 30 March 2017 and 5 May respectively	6,000	16 Feb. 2017	2,000	Joint liability guaranty	One year	Yes	No
			23 June 2017	1,000	Joint liability guaranty	One year	Yes	No
	Notice No.:2018-005, No.:2018-009, No.:2018-029, No.:2018-056 and No.: 2018-059 released on 30 March 2018, 11 May and 18 Oct. respectively	9,000	30 Jan. 2018	2,000	Joint liability guaranty	One year	Yes	No
			29 June 2018	1,000	Joint liability guaranty	One year	No	No
			20 July 2018	2,000	Joint liability guaranty	One year	No	No
Sichuan Changhong Air-conditioner Co., Ltd.	Notice No.:2018-005, No.:2018-009 and No.:2018-029 released on 30 March 2018 and 11 May respectively	70,000	-	-	-	-	-	-
Changhong RUBA Trade Company	Notice No.:2018-061 and No.: 2018-063 released on 9 Nov. 2018	6,264	-	-	-	-	-	-
Jiangxi Meiling Electric Appliance Co., Ltd.	Notice No.:2018-061, No.:2018-064 and No.:2018-069 released on 9 Nov. 2018 and 28 Nov. respectively	25,000	-	-	-	-	-	-
Total amount of approving guarantee for subsidiaries in report period (B1)			205,764	Total amount of actual occurred guarantee for subsidiaries in report period (B2)				140,000
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)			205,764	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)				68,000

Guarantee of the subsidiaries for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
-	-	-	-	-	-	-	-	-
Total amount of approving guarantee for subsidiaries in report period (C1)				0	Total amount of actual occurred guarantee for subsidiaries in report period (C2)	0		
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)				0	Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)	0		
Total amount of guarantee of the Company (total of three above mentioned guarantee)								
Total amount of approving guarantee in report period (A1+B1+C1)				205,764	Total amount of actual occurred guarantee in report period (A2+B2+C2)	140,126.00		
Total amount of approved guarantee at the end of report period (A3+B3+C3)				205,764	Total balance of actual guarantee at the end of report period (A4+B4+C4)	68,000		
Ratio of actual guarantee (A4+B4+C4) in net assets of the Company				13.56%				
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)				56,500				
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)				56,500				
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				

Note: During the reporting period, the company and its subsidiary, Sichuan Changhong Air-conditioner Co., Ltd., did not provide joint liability for the dealers' credit line within the designated bank. The accrual during the reporting period was mainly the bank acceptance bills that have occurred within the guarantee amount in the previous year (2017) but were still subject to guarantee obligations.

The above guarantees are all wholly-owned and holding subsidiaries of the Company. Production and operation of

these wholly-owned and holding subsidiaries was normal with no overdue unpaid loans and guarantee risk is controllable. During the reporting period, the highest level of security the Company provided amounted to 2057.64 million Yuan by the approval, the actual amount of guarantee is 1401.26 million Yuan. At the end of the reporting period, the practical guarantee balance amounted to 680 million Yuan, accounting for the Company's latest net assets ratio of 13.56%.

Explanation on guarantee with composite way: Not applicable

2. Guarantee outside against the regulation

Applicable Not applicable

No guarantee outside against the regulation in Period.

(iii) Entrust others to cash asset management

1. Trust financing

Applicable Not applicable

Trust financing in the period

In 10 thousand Yuan

Type	Capital resources	Amount for entrust	Undue balance	Overdue amount
Bank financing	Idle raised fund	186,000	91,000	0
Broker financing	Idle self-owned capital	20,000	20,000	0
Trust products	Idle self-owned capital	60,000	0	0
Total		266,000	111,000	0

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

Applicable Not applicable

In 10 thousand Yuan

Trustee institution name	Trustee type	Type	Amount	Source of funds	Start date	End date	Capital investment purpose	Criteria for fixing reward	Reference annual rate of return	Anticipated income (if applicable)	Actual gains/losses in period	Actual collected gains/losses in period	Amount of reserve for devaluation of withdrawing (if applicable)	Whether approved by legal procedure (Y/N)	Whether has entrust finance plan in the future	Summary of the items and related query index (if applicable)
Sichuan Trust Co., Ltd.	Trust	Earmarked capital trust schemes	60,000	Self-owned capital	30 Nov. 2017	30 Nov. 2018	The bank deposits, government bonds, financial bonds, central bank bills, enterprise bonds with AA+ rating, enterprise short-term financing bonds with short-term credit ratings of A-1 and above, bond reverse repurchases, bank financial products, money market funds, and other money market products; the asset management plans issued by securities companies; the asset management plans issued by special fund subsidiaries; the trust products issued by trust companies or transferring trust beneficiary right; the transferring usufruct of receivables; the insurance funds of trust industries, etc.	Annual yield of 6.10%	6.10%	3,660.00	3,443.50	3,443.50	N/A	Yes	Not applicable	Juchao Website(www.cninfo.com.cn)(No.: 2017-095)
Soochow Securities Co., Ltd.	Broker	Asset management plan	20,000	Self-owned capital	12 April 2018	12 April 2021	The asset is planned to invest in the Jinshiqi Phase II debt financing plan of 2018 issued by Jinshiqi International Holdings Co., Ltd. at the Beijing Financial Assets Exchange.	Maturity liquidation	8.28%	4,968.00	-	-	N/A	Yes	Not applicable	Juchao Website(www.cninfo.com.cn)(No.: 2018-014; No.: 2018-015)
Hefei Branch of CMBC	Bank	Floating income	50,000	Idle raised fund	12 Jan. 2018	28 March 2018	Take the funds collected by the structured deposit sales as the nominal principal, and trade the	Annual yield of 4.80%	4.80%	493.15	493.15	493.15	N/A	Yes	Not applicable	Juchao Website(www.cninfo.com.cn)(N

							capital cost of the nominal principal as investment income and financial derivatives transactions related to USD3M-LIBOR with the counter party.									o.: 2018-002)
Anhui Branch of BOC	Bank	Income-guaranteed	56,000	Idle raised fund	16 Jan. 2018	27 June 2018	The principal of this financial product is included in the unified operations management of bank funds. The product investment scope is money market instruments and fixed income instruments, in which money market instruments account for 30%-100%, and fixed income instruments account for 0-30%.	Annual yield of 4.90%	4.90%	1,217.88	1,217.88	1,217.88	N/A	Yes	Not applicable	Juchao Website(www.cninfo.com.cn)(No.: 2018-002)
Chengdu Branch of China Citic Bank	Bank	Floating income	50,000	Idle raised fund	26 April 2018	26 July 2018	The funds collected by the structured deposit sales is used as the notional principal, and the fund cost of the notional principal is traded with the counter party as investment income and financial derivatives linked to USD3M-LIBOR.	Annual yield of 4.70%	4.70%	585.89	585.89	585.89	N/A	Yes	Not applicable	Juchao Website(www.cninfo.com.cn)(No.: 2018-025)
Anhui Branch of BOC	Bank	Floating income	30,000	Idle raised fund	29 June 2018	26 Sept. 2018	The funds collected by the structured deposit sales is used as the notional principal, and the fund cost of the notional principal is traded with the counter party as investment income and financial derivatives linked to 3MShibor benchmark comparison value.	Annual yield of 5.05%	5.05%	369.41	369.41	369.41	N/A	Yes	Not applicable	Juchao Website(www.cninfo.com.cn)(No.: 2018-042)
Anhui Branch of BOC	Bank	Floating income	10,000	Idle raised fund	29 June 2018	26 Dec. 2018	Take the funds collected by the structured deposit sales as the nominal principal, and trade the capital cost of the nominal principal as investment income and financial derivatives transactions related to comparison value of 3MShibor with the counter party.	Annual yield of 5.05%	5.05%	249.04	249.04	249.04	N/A	Yes	Not applicable	Juchao Website(www.cninfo.com.cn)(No.: 2018-042)
Hefei Branch of BEA	Bank	Floating income	10,000	Idle raised fund	28 June 2018	19 Dec. 2018	Foreign currency structured financial products (it refers to the structured financial products provided by the	Annual yield of 5.00%	5.00%	238.36	241.67	241.67	N/A	Yes	Not applicable	Juchao Website(www.cninfo.com.cn)(N

							bank to the customer under the premise that the customer voluntarily undertakes the relevant market risks which link certain funds to the specified exchange rate one or several foreign currencies), linking indicator: Australian dollar Against the US dollar.										o.: 2018-042)
Chengdu Branch of China Bohai Bank	Bank	Floating income	48,000	Idle raised fund	9 Aug. 2018	19 Dec. 2018	The structured deposit product, the structural derivatives tied with the 3-month interbank lending rate in London (Libor)	Annual yield of 4.35%	4.35%	755.11	755.11	755.11	N/A	Yes	Not applicable	Juchao Website(www.cninfo.com.cn)(No.: 2018-046)	
Anhui Branch of BOC	Bank	Floating income	26,000	Idle raised fund	28 Sept. 2018	26 Dec. 2018	Take the funds collected by the structured deposit sales as the nominal principal, and trade the capital cost of the nominal principal as investment income and financial derivatives transactions related to comparison value of 3MShibor with the counter party.	Annual yield of 4.40%	4.40%	278.95	278.95	278.95	N/A	Yes	Not applicable	Juchao Website(www.cninfo.com.cn)(No.: 2018-053)	
Chengdu Branch of China Bohai Bank	Bank	Floating income	48,000	Idle raised fund	21 Dec. 2018	10 June 2019	The structured deposit product, the structural derivatives tied with the 3-month interbank lending rate in London (Libor)	Annual yield of 4.20%	4.20%	944.48	-	-	N/A	Yes	Not applicable	Juchao Website(www.cninfo.com.cn)(No.: 2018-078)	
Hefei Branch of SPD Bank	Bank	Break-even & income protection	23,000	Idle raised fund	26 Dec. 2018	30 Jan. 2019	Investment of the central bank bill in bank market, treasury bond, corporate bonds, short-term financing, medium-term bills, inter-bank borrowing, inter-bank deposits, bills or bill repurchase etc.	Annual yield of 3.95%	3.95%	87.12	-	-	N/A	Yes	Not applicable	Juchao Website(www.cninfo.com.cn)(No.: 2018-080)	
Hefei Branch of CGB	Bank	Floating income	10,000	Idle raised fund	27 Dec. 2018	28 Jan. 2019	The principal of funds raised by this structured deposit is included in the unified operations management of the funds of China Guangfa Bank. The proportion of investment in money market instruments (including but not limited to bank deposits, inter-bank lending, buy-back, etc.) ranges from 20% to 100%, and the proportion of bonds	Annual yield of 3.90%	3.90%	34.19	-	-	N/A	Yes	Not applicable	Juchao Website(www.cninfo.com.cn)(No.: 2018-080)	

							(including but not limited to national debt, central bank bills, financial bonds, short-term financing bonds, enterprise bonds, medium-term notes, corporate bonds) and other financial assets ranges from 0% to 80%, and the income is invested in the financial derivatives linking to the exchange rate of the US dollar against the Hong Kong dollar.									
Mianyang Branch of China Everbright Bank	Bank	Break-even & income protection	10,000	Idle raised fund	28 Dec. 2018	28 Jan. 2019	The product is mainly composed of risk-free assets investment and option trading. The product principal is invested in bank fixed time deposits, and the corresponding application of funds is based on the bank deposits, and the income is linked to the bank's comprehensive liability cost.	Annual yield of 3.75%	3.75%	31.85	-	-	N/A	Yes	Not applicable	Juchao Website(www.cninfo.com.cn)(No.: 2018-081)
Total			451,000	--	--	--	--	--	--	13,913.43	7,634.60	--	--	--	--	--

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

Applicable Not applicable

2. Entrust loans

Applicable Not applicable

No entrust loans in the period.

(iv) Other material contracts

Applicable Not applicable

No other material contracts in the period

XVIII. Social responsibility

(i) Performance of social responsibility: Not applicable

(ii) Fulfill the precise social responsibility for poverty alleviation

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

(iii) Environment protection

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

Yes No

Name of company or subsidiary	Major pollutants and name of typical pollutants	Way of discharge	number of discharge outlets	Distribution of discharge outlets	concentration of discharge	Pollutants discharge standards enacted	Total discharge volume	Total discharge volume certified	Discharge beyond the standards
Sichuan Changhong Air-conditioner Co., Ltd.	-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: 2.7mg/m ³ Concentration of NMHC emission: 63.7mg/m ³ Concentration of tin and its compound discharge: 0.0494mg/m ³	The Emission Standards for Air Pollutants (GB 16297-1996) applies to exhaust emission, that is secondary standard- concentration of particulates discharge: ≤120mg/m ³ Concentration of NMHC emission: ≤120mg/m ³ Concentration of tin and its compound discharge: ≤8.5mg/m ³	Total discharge volume of particulates for the year of 2018: 86.27kg; Total discharge volume of NMHC for the year of 2018: 1437.78kg; Total discharge volume of tin and its compound for the year of 2018: 2.29kg	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	1#Workshop and 2#Workshop	Concentration of particulates discharge < 20mg/m ³ Concentration of NMHC emission: 2.54mg/m ³ 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 ³ Concentration of NMHC emission: 120mg/m ³ Concentration of stink: 2000 non-dimensional.	48,000,000 standard cubic meters	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.

XIX. Explanation on other significant events

Applicable Not applicable

(i) The resolutions of the 7th meeting of the ninth board of directors of the company and the 2017 annual general meeting of shareholders passed and agreed the company and its subsidiaries to carry out the forward foreign exchange fund transactions from July 1, 2018 to June 30, 2019, of which the balance does not exceed US\$700 million (mainly including US dollar, Australian dollar, Euro, and other foreign exchanges are all converted into US dollars), and the maximum single-business delivery period is no more than one year. Found more on appointed

media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2018-005, No. 2018-012 and No. 2018-029) on 30 March 2018 and 10 May.

(ii) On March 28 and May 9, 2018, the 7th meeting of the ninth board of directors and the 4th meeting of the ninth board of supervisors of the company and the 2017 annual general meeting of shareholders reviewed and approved the Plan for Profits Distribution of the Company in 2017, at the same time, the independent directors of the company issued independent recognition opinions on the plan, taking into account the interests of shareholders and the long-term development needs of the company, agreed the company to send cash dividends of 0.6 yuan (including tax) per every 10 shares to all shareholders based on the total share capital of 1,044,597,881 shares as of December 31, 2017, totally sending cash dividends of 62,675,872.86 yuan (including tax). After this allocation, the company’s total share capital remains unchanged, and the remaining undistributed profits of the parent company were 830,766,775.42 yuan, and the remaining undistributed profits were carried forward in the subsequent years for distribution.

The notice of implementation for profit distribution plan 2017 was released on 27 June 2018, the plan above mentioned was completed. 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. 2018-0005, No.2018-006, No. 2018-029 and No.2018-040) on 30 March 2018, 10 May and 27 June

(iii) The resolutions of the 9th meeting of the ninth board of directors of the company passed and agreed the company and its subsidiaries to apply for a special credit line of maximum 600 million yuan in the bill pool to Hangzhou Bank Co., Ltd., Hefei Branch, and agreed the company and its subsidiaries to apply for a special credit line of maximum 500 million yuan in the bill pool to Hua Xia Bank Co., Ltd., Hefei Branch, and agreed the company and its subsidiaries to apply for a special credit line of maximum 1000 million yuan in the bill pool to Bank of Communications Co., Ltd., Anhui Branch, and agreed the company and its subsidiaries to apply for a special credit line of maximum 500 million yuan in the bill pool to China Zheshang Bank Co., Ltd., Hefei Branch. The credit period was one year, and the credit line was mainly used for bill special business, and the bill pledge method was adopted. 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 and No.2018-013) on 30 March 2018

(iv)The resolutions of the 8th meeting of the ninth board of directors of the company passed and agreed the company to use its idle funds of 200 million yuan to subscribe the “Soochow – CMB – Donghui No.135 Directional Asset Management Plan” issued by Soochow Securities Co., Ltd. (hereinafter referred to as “Soochow Securities”) under the premise of ensuring the capital needs of daily operation and operation and effectively controlling the investment risks. This asset plan mainly invested in the Jinshiqi Phase II debt financing plan of

2018 issued by Jinshiqi International Holdings Co., Ltd. (hereinafter referred to as “Jinshiqi Holdings”) at the Beijing Financial Assets Exchange (hereinafter referred to as “CFAE”). 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.2018-015) on 13 April 2018

(v) On April 13, 2018, the company received the Notice on the Shareholding Reduction Plan of Hefei Meiling Co., Ltd. from Caitong Fund Management Co., Ltd. (hereinafter referred to as “Caitong Fund”) that held more than 5% of the company’s shares, Caitong Fund held a total of 76,158,362 shares (accounting for 7.29% of the company’s total share capital) of the company through its asset management plan, and its plan was to reduce its holdings of the Company’s shares of no more than 62,675,866 shares (not exceeding 6% of the company’s total share capital) by centralized bidding transactions or block trading or other legal means within six months from April 14, 2018. On October 12, 2018, the company received the Notice on the Shareholding Reduction Plan of Changhong Meiling Co., Ltd. from Caitong Fund, Caitong Fund held a total of 66,990,871 shares (accounting for 6.41% of the company’s total share capital) of the company through its asset management plan, and its plan was to reduce its holdings of the Company’s shares of no more than 62,675,866 shares (not exceeding 6% of the company’s total share capital) by centralized bidding transactions or block trading or other legal means within six months from October 13, 2018. 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. 2018-018 and No.2018-055) on 14 April 2018 and 13 Oct. 2018

(vi)The resolutions of the 10th meeting of the ninth board of directors of the company and the 2017 annual general meeting of shareholders passed and agreed to amend some articles of the Articles of Association, newly added party building work, and clarified the relevant provisions of medium and small investors. 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 and No.2018-029) on 20 April 2018 and 10 May 2018

(vii)The resolution of the 11th meeting of the ninth board of directors of the company passed and agreed the company to submit a binding offer for the purchase of Gorenje Company’s stock equity in accordance with relevant regulations. In view of the uncertainty of the matter, it was predicted that the transaction amount would reach the standard for consideration by the company’s general meeting of shareholders, which might constitute a major asset restructuring. In order to ensure the fair information disclosure, safeguard the interests of the investors, and avoid causing abnormal fluctuations in the company’s stock price, the company applied to the Shenzhen Stock Exchange for suspending the company’s stocks (stock name: Meiling Electric, Wan Meiling B, stock code: 000521, 200521) from the opening on May 9, 2018. On the evening of May 9, 2018 (Beijing time), after the discussion and negotiation among related parties, the company decided to terminate the bidding due to the large differences between the company and Gorenje Company and some of its shareholders regarding the acquisition transaction procedures and prices. Upon application by the company to the Shenzhen Stock Exchange, the company’s stock resumed trading on May 11, 2018.

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. 2018-027 and No.2018-028) on 9 May 2018 and 11 May 2018

(viii) On June 2, 2018, the company received a written resignation report from Mr. Teng Guangsheng, a non-independent director of the ninth board of directors of the company. Mr. Teng Guangsheng applied for resignation from his position as a director of the ninth board of directors and a member of the strategy committee for his personal reason. 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. 2018-031) on 5 June 2018

(ix) The resolutions of the 12th meeting of the ninth board of directors of the company and the 2nd extraordinary general meeting of shareholders in 2018 passed and agreed to change the stock name of the company’s A-share from “Meiling Electric” to “Changhong Meiling”, change the stock name of the company’s B-share from “Wan Meiling B” to “Hong Meiling B”, the company’s stock code and business scope remained unchanged. At the same time, the relevant provisions of the Articles of Association were revised. 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. 2018-032, No.2018-033, No.2018-034, No. 2018-038 and No.2018-043) on 5 June 2018, 22 June and 3 July

(x) The resolutions of the 12th meeting of the ninth board of directors of the company and the 2nd extraordinary general meeting of shareholders in 2018 passed and agreed to elect Mr. Hu Zhaogui as a non-independent director of the ninth board of directors of the company for a term of office consistent with the term of the ninth board of directors. The resolutions of the 13th meeting of the ninth board of directors of the company passed and agreed to engage Mr. Hu Zhaogui as the company’s vice president for a term of office consistent with the term of the current board of directors. 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. 2018-032, 2018-038 and No.2018-039) on 5 June 2018, 22 June and 22 June

(xi) The resolution of the 12th meeting of the ninth board of directors of the company passed and agreed the company and its subsidiaries to apply for a special credit line of maximum 300 million yuan in the bill pool to Ping An Bank Co., Ltd., Hefei Branch, the credit period was one year, and the credit line was mainly used for bill special business, and the bill pledge method was adopted. 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. 2018-032, 2018-033 and No.2018-035) on 5 June 2018 and 22 June

(xii) On June 27, 2018, the company received the enterprise policy funds of 15.41 million yuan allocated by the Finance Treasury Payment Center of Hefei Economic and Technological Development Zone. 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. 2018-041) on 29 June 2018

(xiii) In February 2017, the company received the notice from its controlling shareholder Sichuan Changhong Electric Co., Ltd. (a listed company on the main board of the Shanghai Stock Exchange, stock code: 600839, hereinafter referred to as “Sichuan Changhong”), Sichuan Changhong intended to issue non-public offering of exchangeable corporate bonds with its shareholding of part of the Company’s A-share and its earnings (including capital reserve converted into equity, stock dividend, dividends, stock dividend, etc.) as the object, the planned issuance period was no more than 3 years, and the funds planned to raise was not more than 500 million yuan. On August 6, 2018, the company received a written letter from the controlling shareholder Sichuan Changhong, in view of the changes in the market environment, Sichuan Changhong decided to terminate the non-public offering of exchangeable corporate bonds after its communication with the Shenzhen Stock Exchange. 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. 2018-045) on 7 Aug. 2018

(xiv) The resolution of the 14th meeting of the ninth board of directors of the company passed and agreed the company to postpone the subproject “newly increasing 600,000 sets of medium and large-capacity environmental protection and energy-saving freezer intelligent production line construction project” of the non-public offering of stock investment project “intelligent manufacturing construction project”, the date that the project achieves the scheduled serviceable condition was postponed from the end of June 2018 to the end of December 2019. 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. 2018-047 and No.2018-051) on 15 Aug. 2018

(xv) The resolution of the 15th meeting of the ninth board of directors of the company passed and agreed the company and its subsidiaries to apply for a special credit line of maximum 700 million yuan in the bill pool to CCB., Heifei Luyang Branch, the credit period was one year, and the credit line was mainly used for bill special business, and the bill pledge method was adopted. 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. 2018-056, No.2018-060 and No.2018-069) on 18 Oct. 2018 and 28 November

(xvi) The resolutions of the 16th meeting of the ninth board of directors of the company and the 8th meeting of the ninth board of supervisors of the company, and the 3rd extraordinary general meeting of shareholders in 2018 passed and agreed the company and its subsidiaries to use their own idle funds not exceeding RMB 1 billion (the limit can be rolled over) to invest in the high security, good liquidity, low risk, and reliable financial products with product term of no more than one year, and the authorization period shall be valid within one year from the date of approval by the company’s general meeting of shareholders, and agreed the company to use its own idle funds not

exceeding RMB 940 million (the limit can be rolled over) to invest in the high security, good liquidity principal-protected financial products with single product term of no more than one year, and the authorization period shall be valid within one year from the date of approval by the company's general meeting of shareholders. Found more on appointed media "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2018-056, No.2018-061, No.2018-062, No. 2018065, No.2018-066 and No.2018-069) on 9 Nov. 2018 and 28 November

(xvii) From November 26 to November 28, 2018, the rate of deviation value of the closing price of the company's A-share stocks accumulated to more than 20% for three consecutive trading days. According to the relevant regulations of the Shenzhen Stock Exchange, the company's stock trading had abnormal fluctuations. The company checked the relevant matters and explained the situation. 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. 2018-056, No.2018-061, No.2018-070) on 29 Nov. 2018

(xviii) In late March 2019, the company received the "Notice of Proposed Civil Penalty" issued by U.S. Department of Energy ("DOE"). Found more on appointed media "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2019-014) on 26 March 2018

XX.Major event of the subsidiary

Applicable Not applicable

(i) The resolution of the 17th meeting of the ninth board of directors of the company passed and agreed the company to invest 10 million yuan to establish a new technology-based subsidiary Hefei Meiling Zhihuijia Technology Co., Ltd. (tentative name, which is subject to the name approved by the industrial and commercial bureau) to work on the intelligence, frequency conversion and other key technology research and development and the software development of refrigeration, freezer and other electrical products. 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. 2018-056, No.2018-071) on 11 December 2018

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	-427,180	-427,180	80,431,408	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	-427,180	-427,180	8,370,363	0.80%
Including: Domestic legal person's shares	4,716,077	0.45%	0	0	0		0	4,716,077	0.45%
Domestic natural person's shares	4,081,466	0.39%	0	0	0	-427,180	-427,180	3,654,286	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	427,180	427,180	964,166,473	92.30%
1. RMB ordinary shares	802,142,713	76.79%	0	0	0	427,180	427,180	802,569,893	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	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	1,044,597,881	100.00%	0	0	0	0	0	1,044,597,881	100.00%

1. Reasons for share changed

Applicable Not applicable

(1) During the reporting period, Mr. Hu Zhaogui, the new director of the ninth board of directors of the company, originally held 178,050 shares of the Company. Since his appointment as a director and vice president during the reporting period, 75% of the shares held by him, i.e. 133,537 shares, were locked in accordance with relevant regulations.

(2) On November 21, 2017, Mr. Liao Tao, the former vice president of the company, resigned as the vice president of the company due to job transfer reasons, his original term of office expired on September 12, 2020. According to the relevant provisions of the Detailed Rules for Reducing the Shareholding of the Shareholders and Directors, Supervisors and Senior Management of Listed Companies of the Shenzhen Stock Exchange, during the reporting period, 25% of the shares held by Mr. Liao Tao, i.e. 176,242 shares, were released from restrictions and the remaining shares continued to be locked.

(3) On October 24, 2017, Mr. Zhang Xiaolong, the former vice president and chief financial officer of the company, resigned as the vice president and chief financial officer of the company due to job transfer reasons, his original term of office expired on September 12, 2020. According to the relevant provisions of the Detailed Rules for Reducing the Shareholding of the Shareholders and Directors, Supervisors and Senior Management of Listed Companies of the Shenzhen Stock Exchange, during the reporting period, 25% of the shares held by Mr. Zhang Xiaolong, i.e. 121,175 shares, were released from restrictions and the remaining shares continued to be locked.

(4) During the reporting period, Mr. Teng Guangsheng, the former director of the company, resigned as a director of the company due to personal work reasons, his original term of office expired on September 12, 2020. According to the relevant provisions of the Detailed Rules for Reducing the Shareholding of the Shareholders and Directors, Supervisors and Senior Management of Listed Companies of the Shenzhen Stock Exchange, during the reporting period, 25% of the shares held by Mr. Teng Guangsheng, i.e. 29,400 shares, were released from restrictions and the remaining shares continued to be locked.

(5) During the reporting period, Mr. Yu Wanchun, the former chairman of the board of supervisors of the company, whose original term of office expired and had left his post for more than six months, 263,300 shares of the company's stock held by him were released from restrictions

2. Approval of share changed

Applicable Not applicable

3. Ownership transfer of share changed

Applicable Not applicable

4. Progress of shares buy-back

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

(ii) Changes of restricted shares

Applicable Not applicable

In Share

Shareholders	Opening shares restricted	Shares released in Period	Restricted Shares Increased In the Period	Ending shares restricted	Restricted reasons	Date for released
Hu Zhaogui	0	-	133,537	133,537	Share lockup in senior executives	75% of the shares are restricted on sales each year. At the same time, there are other restrictions on the shares held by the company. For details, please refer to "III Implementation of Commitments" in "Section 5 Important Events" of the 2017 Annual Report.
Teng Guangsheng	88,200	-	29,400	117,600	Share lockup in senior executives	On June 2, 2018, he resigned as a director of the Company for personal job reasons, his original term of office expired on September 12, 2020. Dong Jiangaogao resigned before the expiration of his term of office, according to the relevant regulations, the shares transferred each year should not exceed 25% of the Company's shares held by him during the term of office determined at the time when he took office and within six months after the expiration of his term of office; the shares of the Company held by him should not be transferred within half a year after he left the company.
Yu Wanchun	263,300	263,300	0	0	Share lockup in senior executives	On September 12, 2017, due to the change of the company's board of supervisors, he no longer held the post of the chairman of the company's board of supervisors due to the expiration of the term of office. During the reporting period, he had left his post for six months, and the shares of the company held by him had been released from restrictions on March 9, 2018.
Liao Tao	704,966	176,242	0	528,724	Share lockup in senior executives	On 21 Nov. 2017, he resigned as a director of the Company for personal job reasons, his original

						term of office expired on September 12, 2020. Dong Jiangaog resigned before the expiration of his term of office, according to the relevant regulations, the shares transferred each year should not exceed 25% of the Company's shares held by him during the term of office determined at the time when he took office and within six months after the expiration of his term of office; the shares of the Company held by him should not be transferred within half a year after he left the company.
Zhang Xiaolong	484,700	121,175	0	363,525	Share lockup in senior executives	On 24 Oct. 2017, he resigned as a director of the Company for personal job reasons, his original term of office expired on September 12, 2020. Dong Jiangaog resigned before the expiration of his term of office, according to the relevant regulations, the shares transferred each year should not exceed 25% of the Company's shares held by him during the term of office determined at the time when he took office and within six months after the expiration of his term of office; the shares of the Company held by him should not be transferred within half a year after he left the company.
Total	1,541,166	560,717	162,937	1,143,386	--	--

II. Security offering and listing

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

Applicable Not applicable

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

Applicable Not applicable

(iii) Current shares held by internal staffs

Applicable Not applicable

III. Particulars about shareholder and actual controller of the Company

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

						In Share	
Total shareholders at end	65,470	Total common	61,766	Total preference	0	Total preference	0

of the Period		shareholders at end of last month before annual report disclosed		shareholders with voting rights recovered at end of reporting period (if applicable)		shareholders with voting rights recovered at end of last month before annual report disclosed (if applicable)			
Particulars about shares held above 5% by shareholders or top 10 shares holding									
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen		
							State of share	Amount	
Sichuan Changhong Electric Co., Ltd.	State-owned legal person	23.58%	246,301,524	11,595,556	69,877,638	176,423,886	-	-	
Hefei Industry Investment Holding (Group) Co., Ltd.	State-owned legal person	4.58%	47,823,401	0	0	47,823,401	-	-	
CHANGHONG (HK) TRADING LIMITED	Foreign legal person	3.15%	32,898,580	2,003,138	0	32,898,580	-	-	
CAO SHENGCHUN	Foreign natural person	1.36%	14,240,979	411,596	0	14,240,979	-	-	
Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd.	Domestic non-state-owned legal person	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 legal person	1.03%	10,733,452	0	0	10,733,452	-	-	
Caitong Fund-Everbright Bank-Soochow Securities Co., Ltd.	Domestic non-state-owned legal person	0.68%	7,079,454	0	0	7,079,454	-	-	
Wang Zhenfeng	Domestic nature person	0.56%	5,874,000	5,874,000	0	5,874,000	-	-	
China Securities Finance Corporation Limited	Domestic legal person	0.42%	4,362,500	0	0	4,362,500	-	-	
NORGES BANK	Foreign legal person	0.34%	3,549,776	-996,656	0	3,549,776	-	-	
Strategy investors or general legal person		Not applicable							

<p>becomes top 10 shareholders due to rights issued (if applicable)</p>			
<p>Explanation on associated relationship among the aforesaid shareholders</p>	<p>Among the above shareholders, CHANGHONG (HK) TRADING LIMITED is the wholly-owned subsidiary of Sichuan Changhong Electric 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 Electric Co., Ltd., CHANGHONG (HK) TRADING LIMITED and other top 8 shareholders;</p> <p>“Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd. ”Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd. refers to the products of Ping An UOB Fund Management Company subscribe for privately placement of 2016;</p> <p>“Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership) ” and “Caitong Fund-Everbright Bank-Soochow Securities Co., Ltd.”refers to the products of Caitong Fund Management Company subscribe for privately placement of 2016;</p> <p>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”.</p>		
<p>Particular about top ten shareholders with un-restrict shares held</p>			
Shareholders' name	Amount of unrestricted shares held at end of Period	Type of shares	
		Type	Amount
Sichuan Changhong Electric Co., Ltd.	176,423,886	RMB ordinary shares	176,423,886
Hefei Industry Investment Holding (Group) Co., Ltd.	47,823,401	RMB ordinary shares	47,823,401
CHANGHONG (HK) TRADING LIMITED	32,898,580	Domestically listed foreign shares	32,898,580
CAO SHENGCHUN	14,240,979	Domestically listed foreign shares	14,240,979
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
Caitong Fund-Everbright Bank-Soochow Securities Co., Ltd.	7,079,454	RMB ordinary shares	7,079,454
Wang Zhenfeng	5,874,000	RMB ordinary shares	5,874,000
China Securities Finance Corporation Limited	4,362,500	RMB ordinary shares	4,362,500
NORGES BANK	3,549,776	Domestically listed foreign shares	3,549,776
<p>Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top</p>	<p>Found more in “Particulars about shares held above 5% by shareholders or top 10 shares holding”</p>		

10 un-restrict shareholders and top 10 shareholders	
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 32,898,580 shares, among which, 5,820,783 shares are held through Philip Securities (H.K.) Co., Ltd. by CHANGHONG (HK) TRADING LIMITED

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

Whether the top ten ordinary shareholders of the company and the top 10 ordinary shareholders of unrestricted conditions have made the repurchase transactions as agreed during the reporting period.

Yes No

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

(ii) Controlling shareholder of the Company

1. Nature of controlling shareholders: local state-owned holding

2. Type of controlling shareholders: legal person

Controlling shareholders' name	Legal rep./person in charge of unit	Dated founded	Organization code	Main business
Sichuan Changhong Electric Co., Ltd.	Zhao Yong	8 April 1993	91510700205412308D	Manufactures, sales and maintenance of household appliance, automotive electrical appliance, Electronic products and spare parts, communications equipment, lighting equipment, household products, computer and other Electronic equipment, specialized equipment of Electronic and Electronic, Electronic machinery and equipment, series products of batteries, Electronic medicine products, Electronic equipment, mechanical equipment , Refrigeration equipment and accessories digital monitoring products, metal products, apparatus and instruments, culture and office machines, culture and education and sports products, kitchen cabinet and gas appliance; house and equipment rental; packing products and technical services; road transportation; storage and discharging convey; R&D, sales and services of integrated circuit and software; consultancy and services of enterprise management; hi-tech project investment and other state-permitted business; development and operation of property; engineering construction for house and buildings; callback and disposal of obsolete appliance and Electronic products; services of

				<p>Information Technology; consultancy and services of finance; sales, relevant import and export business of Chemical raw materials and products(Not contain dangerous chemicals), building materials, non-ferrous metal, Steel, plastics, packing material, mechanical and electrical equipment, Precious metals, Automotive components, Electronic components, agent service of telecommunication; designing, manufacturing, releasing and agency for the advertisement; R&D and design of the drone and unmanned aerial vehicle system as well as the promotion of drone technology; transfer and technical consulting service, production and sales of drone (any projects that needs permission by the law should subject to the approval by relevant authority)</p>
<p>Equity controlling and jointly of other foreign/domestic listed company by controlling shareholder in reporting period</p>				<p>1. Ended as 31 December 2018, 29.9774 percent equity of Changhong Huayi Compressor Co., Ltd. (stock code: 000404), the listed company in main board of SSE, were directly hold by Sichuan Changhong.</p> <p>2. Up to 31 December 2018, 1,008,368,000 common shares of the Changhong IT (Stock code: 08016), the listed company in GEM of Hong Kong Stock Exchange, were held by Sichuan Changhong and its persons acting in concert, representing 69.3202 percent in total issued common shares of Changhong IT</p>

3. Controlling shareholder changes in reporting period

Applicable Not applicable

Controlling shareholder stays the same in Period.

4. Other notes

On February 25, 2019, the company received the Notice of Sichuan Changhong Electric Co., Ltd. and its Concerted Action Person Changhong (Hong Kong) Trading LIMITED. to Increase the Shareholding of Changhong Meiling Co., Ltd. and the Equity Changes (hereinafter referred to as “Notice”). Sichuan Changhong and its concerted action person Changhong (Hong Kong) Trading Co., Ltd. (hereinafter referred to as “HK Changhong” or “concerted action person”) bought 16,231,024 shares of Changhong Meiling (including 13,751,756 shares of Changhong Meiling A shares and 2,479,268 shares of Changhong Meiling B shares) by bidding transaction method through the secondary market from November 12, 2018 to February 25, 2019, accounting for 1.55% of Changhong Meiling’s total share capital, consequently, the equity ratio of Changhong Meiling held by Sichuan Changhong and concerted action person accumulatively increased by 5% from September 2009 to February 2019. Found more on appointed media “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the Company disclosed in the form of announcement (Announcement No. 2019-013) on 26 Feb. 2019

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

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

2. Type of actual controller: legal person

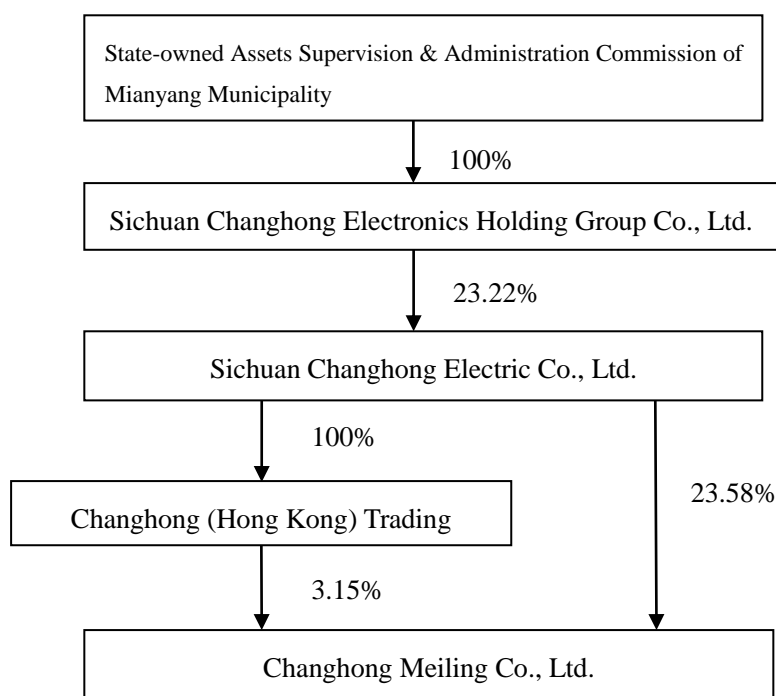
Actual controller	Legal rep./person in charge of unit	Dated founded	Organization code	Main business
State-owned Assets Supervision & Administration Commission of Mianyang Municipality	--	--	--	State-owned Assets Supervision & Administration Commission of Mianyang Municipality is entrusted by the same level government, together performs decision-making and management of state-owned asset owners, and is one organization which executes comprehensive management and supervision on its belonged state-owned assets.
Equity controlling of other foreign/domestic listed company by actual controller in reporting period	Not applicable			

3. Changes of actual controller in Period

Applicable Not applicable

Actual controller stays the same in Period

4. Property rights and the block diagram of the control relationship between the Company and the actual control (ended as 31st December 2018)



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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

Section VII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the reporting.

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

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

Name	Title	Post status	Sex	Age	Office dated from	Office dated ended	Shares held at period-begin(Share)	Amount of shares increase in this period(Share)	Amount of shares decreased in this period (Share)	Other changes (share)	Shares held at period-end (Share)
Li Wei	Chairman	Currently in office	M	46	20 June 2011	12 Sept. 2020	1,428,473	0	0	0	1,428,473
Wu Dinggang	Deputy Chairman	Currently in office	M	46	3 July 2014	12 Sept. 2020	570,500	0	0	0	570,500
Kou Huameng	Director, Deputy president	Currently in office	M	49	3 July 2014	12 Sept. 2020	0	0	0	0	0
Shi Qiang	Director	Currently in office	M	50	12 Sept. 2017	12 Sept. 2020	0	0	0	0	0
Yong Fengshan	Director	Currently in	M	50	12 Sept. 2017	12 Sept. 2020	0	0	0	0	0

		office									
Hu Zhaogui	Director, Deputy president	Currently in office	M	45	21 June 2018	12 Sept. 2020	178,050	0	0	0	178,050
Gan Shengdao	Independent director	Currently in office	M	52	3 July 2014	12 Sept. 2020	0	0	0	0	0
Ren Jia	Independent director	Currently in office	M	55	3 July 2014	12 Sept. 2020	0	0	0	0	0
Lu Yingjin	Independent director	Currently in office	M	54	3 July 2014	12 Sept. 2020	0	0	0	0	0
Shao Min	Chairman of Supervisory	Currently in office	M	36	12 Sept. 2017	12 Sept. 2020	0	0	0	0	0
Huang Hong	Supervisor	Currently in office	F	48	12 Sept. 2017	12 Sept. 2020	0	0	0	0	0
He Xintan	Supervisor	Currently in office	M	38	12 Sept. 2017	12 Sept. 2020	0	0	0	0	0
Ji Ge	Staff supervisor	Currently in office	F	37	25 Dec. 2017	12 Sept. 2020	0	0	0	0	0
Zhu Wenjie	Staff supervisor	Currently in office	M	31	8 Apr. 2015	12 Sept. 2020	0	0	0	0	0
Liu	Executive deputy	Curre	M	55	20 June 2011	12 Sept. 2020	1,689,893	0	0	0	1,689,893

Hongwei	president	ntly in office									
Zhong Ming	Deputy president	Curre ntly in office	M	46	30 Dec. 2013	12 Sept. 2020	314,900	0	0	0	314,900
Huang Danian	Deputy president	Curre ntly in office	M	49	12 Sept. 2017	12 Sept. 2020	356,450	0	0	0	356,450
Pang Haitao	CFO (person in charge of finance)	Curre ntly in office	M	43	25 Oct. 2017	12 Sept. 2020	0	0	0	0	0
Li Xia	Secretary of the Board	Curre ntly in office	F	38	22 May 2009	12 Sept. 2020	552,800	0	0	0	552,800
Teng Guangsheng	Director	Office leavin g	M	50	4 May 2017	2 June 2018	117,600	0	0	0	117,600
Total	--	--	--	--	--	--	5,208,666	0	0	0	5,208,666

II. Changes of directors, supervisors and senior executives

√ Applicable □ Not applicable

Name	Title	Type	Date	Reasons
Teng Guangsheng	Director	Office leaving	2 June 2018	Resigned his post as director of the Company due to personal reasons
Hu Zhaogui	Director	Election	21 June 2018	Being approved by the 2 nd interim shareholders general meeting of 2018, Mr. Hu Zhaogui was elected as the non-independent director of the 9 th BOD with service term same as the 9 th BOD
	Deputy president	Appointment	21 June 2018	Being approved by the 13 th session of 9 th BOD, Mr. Hu Zhaogui was elected as the deputy president of the 9 th BOD with service term same as the 9 th BOD
Wu Dinggang	President	Office leaving	12 Jan. 2019	Resigned his post as president of the Company due to career move

III. Post-holding

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

1. Li Wei, male, the Han nationality from Tongliang, Chongqing, was born in February 1973, Member of CPC, Assistant Economist with Master degree, he is reading EMBA in USTC. He ever took the post of General Manager of Xi'an Sales Branch of Sichuan Changhong Electronic Co., Ltd., General Manger of Southeast Operation Management Center of Changhong Electronic (China) Marketing Co., Ltd., GM of Sichuan Changhong Air-conditioner Co., Ltd., chairman of Zhongshan Changhong Electric Co., Ltd., and deputy president, president and deputy chairman of the Company. Now he serves as Director and GM of Sichuan Changhong Electric Co., Ltd. and chairman of the Company.

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

3. Kou Huameng, male, the Han nationality from Yanting, Sichuan Province, was born in February 1970, Member of CPC, master degree candidate, EMBA graduate from UESTC. He served successively as deputy director of production office of Sichuan Changhong Electric Co., LTD, director of Guangxi Marketing management Committee, director of Fujian-Jiangxi Marketing Management and director and GM of Guangdong Changhong Digital Technology Co., Ltd.; Sichuan Changhong Electric Co., Ltd, director of development management department of Sichuan Changhong Electric Co., Ltd.; now he serves as director of Changhong Huayi Compressor Co., Ltd., director and deputy president of the Company (acting president/conducting works)

4. Shi Qiang, male, Han nationality, was born in July 1968, a member of the Communist Party of China, earned a bachelor's degree in underwater sound electronic engineering from Southeast University, and is an engineer. He successively served as the office secretary of Changhong Company, director of quality management division, the director of goods and material department, liaison office of overseas marketing, the director and vice director of asset management department; Director of Sichuan Changhong New Energy Technology Co., Ltd.; Director of Sichuan Changhong Power Source Co., Ltd. Currently he serves as deputy party secretary, discipline inspection commission, director, secretary of Changhong Huayi Compressor Co., Ltd.; Director of Jiaxipera Compressor Co., Ltd., director of Huayi Compressor (Jingzhou) Co., Ltd. and director of Changhong Grand-Pro Tech. Co., Ltd. and director of the Company

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

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

7. Gan Shengdao, male, the Han nationality from Tianchang, Anhui Province, was born in March 1967, member of China Democratic National Construction Association, a doctoral candidate and Doctor of Economic. He served successively as teaching assistant, lecturer and associate professor in Department of National Economic Management of Sichuan University, the associate professor and professor in Department of Business

Administration of Sichuan University. An independent director of Liangshan Rural Commercial Bank Co., Ltd., and an independent director of Chengdu Rainbow Electric (Group) Co., Ltd. Currently serves as a professor and doctoral supervisor at Business School of Sichuan University, deputy director of the Financial Research Institute of Sichuan University, an independent director of Sichuan Riji Seals Co., Ltd., an independent director of Sichuan Yahua Industrial Group Co., Ltd., an independent director of Yibin Wuliangye Co., Ltd., and an external director of Sichuan Huashi Group Co., Ltd., and an independent director of the Company.

8. Ren Jia, male, Han nationality, was born in Nantong, Jiangsu in July 1963, a master degree holder, and graduated from the Department of Materials Science and Engineering of Tsinghua University. He ever took the posts of the assistant general manager of Beijing Building Materials Imp. & Exp. Co., Ltd., the department deputy manager of Jiangsu Overseas Group Co., Ltd., the department deputy manager and assistant general manager of Jiangsu Economic and Trade Corporation, the general manager of Import and Export Company of Zhejiang Xiangyang Group, the director and general manager of Nanjing Shenlu Textile & Apparel Co., Ltd., the deputy general manager of Guangzhou Anyka Microelectronics Co., Ltd., the deputy general manager of Shanghai Multimedia Valley Investment Co., Ltd., and independent director of Kingnet Co., Ltd. He currently serves as the vice president of SIMIC Holdings Electronics Co., Ltd., the chairman and general manager of SIMIC Technology Development Co., Ltd., the partner of Shanghai Heda Enterprise Management Partnership (limited partnership), the president of Shanghai Zhongke Xinwei Information Technology Park Co., Ltd. Long, an independent director of InHand Networks, and an independent director of the Company.

9. Lu Yingjin, male, the Han nationality, was born in October 1964, Member of CPC, a doctoral candidate, Doctor of Management Science and Engineering of the UESTC. He served successively as Assistant Engineer of Shenli Field Drilling Technical Company and lecturer of Staff Education and Training Center of South-West Petroleum Bureau, and he teaches in UESTC since 2002. And he has been a visiting scholar in the department of computer science at the University of Kentucky in the United States. Now he serves as associate professor in Economics and Management School of UESTC and Independent Director of the Company.

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

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

as the deputy director of auditing department and the deputy director of labor union audit committee of Sichuan Changhong Electric Co., Ltd., and a supervisor of the Company.

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

13. Ji Ge, female, Han nationality, was born in Nanyang, Henan Province in January 1982, a member of the Communist Party of China, and earned a bachelor's degree in law from Hunan University and a master's degree from Anhui University. She joined Hefei Meiling Co., Ltd. in July 2005 and once served as the legal specialist of legal department, the sponsor of legal affairs, and the intellectual property director of the legal department of the Company. She currently serves as the director of the legal department of the Company, director of office of Party Committee, member of commission for Discipline Inspection, director of Discipline Inspection office and staff supervisor of the Company

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

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

16. Zhong Ming, male, the Han nationality from Meishan, Sichuan Province, was born in November 1972, member of CPC, a senior engineer, EMBA master and a PhD major in engineering thermophysics. He successively served as deputy director of research institution of Sichuan Changhong Air-conditioner Co., Ltd., deputy GM of Sichuan Changhong Air-conditioner Co., Ltd. and technical director of household appliance group of Sichuan Changhong Electric Co., LTD. He serves as deputy president of the Company currently and director of

Zhongke Meiling Cryogenic Technology Co., Ltd.

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

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

19. Li Xia, female, the Han nationality from Qionglai, Sichuan Province, was born in October 1980, Member of CPC and Intermediate Accountant with Master Degree. She graduated from Accounting Department of Sichuan University Business and Management School. She ever was Project Manager in Financing & Acquisition Office of Asset Management Department and Business Executive in Board Office of Sichuan Changhong Electronic Co., Ltd. she took the posts of Deputy GM and Financial Supervisor of Sichuan Changhong Innovation Investment Co., Ltd. She is the Secretary of the Board, deputy secretary of the Party and secretary of discipline inspection commission of the Company recently and chairman of supervisory committee of Zhongke Meiling Cryogenic Technology Co., Ltd.

20. Teng Guangsheng, male, Han nationality, was born in Santai, Sichuan in August 1968, and earned a bachelor's degree in history from Beijing Normal University. He ever took the posts of the manager of marketing management department and the general manager of branch offices of Sichuan Changhong Electric Co., Ltd., the deputy general manager of Domestic Marketing Company of Multimedia Industry Company of Sichuan Changhong Electric Co., Ltd., the director and general manager of Zhongshan Changhong Electric Appliance Co., Ltd., the president and general manager of Pakistan Changhong RUBA Trading Co., Ltd., and the president and general manager of Sichuan Changhong Air Conditioning Co., Ltd. He is currently the general manager of Multimedia Industry Company of Sichuan Changhong Electric Co., Ltd., and the director of the Company.

(ii) Post-holding in shareholder's unit

√ Applicable □ Not applicable

Name	Shareholder's unit	Title	Start date of office term	End date of office term	Drawing remuneration and allowance from shareholder's unit (Y/N)
Li Wei	Sichuan Changhong Electric Co., Ltd.	Director	2017.08.29	2020.08.28	Y
		GM	2017.07.21		
Wu Dinggang	Sichuan Changhong Electric Co., Ltd.	Deputy GM	2019.01.12	2020.08.28	Y, drawing remuneration since work in the unit
Yong Fengshan	Hefei Industry Investment Holding (Group) Co., Ltd.	Party Secretary, Chairman	2015.02.13	-	Y
Teng Guangsheng	Sichuan Changhong Electric Co., Ltd.	GM of multi-media industry company	2017.11.17	-	Y
Shao Min	Sichuan Changhong Electric Co., Ltd.	Deputy director of assets management department	2019.02.01	-	Y
Huang Hong	Sichuan Changhong Electric Co., Ltd.	Deputy Chief of auditing department	2011.09.16	-	Y
He Xintan	Sichuan Changhong Electric Co., Ltd.	Deputy Chief of development and management department	2019.02.01	-	Y
Post-holding in shareholder's unit	N/A				

(iii) Post-holding in other unit

√ Applicable □ Not applicable

Name	Other unit	Title	Start date of office term	End date of office term	Drawing remuneration and allowance from other unit (Y/N)
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Li Wei	Meiling CANDY Washing Machine Co., Ltd.	Chairman	2017.04.24	2019.01.22	No
	Guangdong Changhong Electronics Co., Ltd.	Chairman	2017.10.11	-	No
	Sichuan Changhong Minsheng Logistics Co., LTD	Chairman	2017.08.31	-	No
	Lejiayi Chain Management Co., Ltd.	Chairman	2017.09	-	No
	Changhong International Holdings (Hong Kong) Co., Ltd.	Chairman	2019.01.30	-	No
Yong Fengshan	Whirlpool (China) Co., Ltd.	Director	2015-05.18	2019.06.15	No
		Deputy Chairman	2015.07.10		No
	Hefei Venture Capital Guidance Fund Co., Ltd.	Chairman	2015.04.17	-	No
	CAS (Hefei) Technical Innovation Engineering Institute Co., Ltd.	Chairman	2015.04.17	-	No
	Hefei International Inland Port Development Co., Ltd.	Chairman	2017.12.14	-	No
	Hefei State-owned Assets Holding Co., Ltd.	Chairman	2015.04		No
	Hefei Industry Investment Holding Co., Ltd.	Chairman, GM	2014.09		No
	Hefei Gongtou Industrial Tech. Development Co., Ltd.	Party Secretary, Chairman	2018.09		No
	Anhui Integrated Circuit Industry Capital Co., Ltd.	Chairman	2017.05		No
	Anhui IT Industry Investment Holdings Co., Ltd.	Director	2014.01		No
	Jianghuai Automobile Co., Ltd.	Director	2018.07.21	2021.07.20	No
	Industrial Investment (HK) Ltd	Director	2017.04		No
Hefei Smart Energy Innovation Platform Co., Ltd.	Director	2017.06	-	No	
Wu Dinggang	Zhongke Meiling Cryogenic Technology Co., Ltd.	Chairman	2017.08.21	2021.08.26	No
	Meiling CANDY Washing Machine Co., Ltd.	Director	2017.09.27	-	No
		Chairman	2019.01.22		No
Shi Qiang	Changhong Huayi Compressor Co., Ltd.	Director	2017.05.03	2021.05.17	No
		Secretary of the Board	2018.03.05		Yes
Kou Huameng	Changhong Huayi Compressor Co., Ltd.	Director	2015.04.16	2021.05.17	No
Gan Shengdao	Business School of Sichuan University	Professor, doctoral supervisor, director of Financial	1990.07	-	Yes

		Institute of Sichuan University			
	Chengdu Rainbow Electric (Group) Co., Ltd.	Independent director	2012.03.23	2018.04.26	Yes
	Sichuan Sunny Seal Co., Ltd.	Independent director	2011.06.21	2021.02.11	Yes
	Sichuan Yahua Industrial Group Co., Ltd	Independent director	2015.06.09	2021.06.25	Yes
	Sichuan Huashi Group Co., Ltd.	Outside Director	2015.08.10	-	Yes
	Yibing Wuliangye Co., Ltd.	Independent director	2016.11.18	-	Yes
Ren Jia	SIMIC Holdings Co., Ltd.	Deputy president	2013.01	-	Yes
	SIMIC Development Co., Ltd.	Chairman/GM	2014.07	-	No
	Shanghai Hefa Enterprise Management Partnership (Limited Partnership)	Partner / legal representative	2016.05	-	No
	Shanghai Zhongke Xinwei IT Park Co., Ltd.	Chairman	2018.01	-	No
	Beijing Inhand Networks Co., Ltd	Independent director	2017.12.06	2019.09.28	Yes
	Kingnet Co., Ltd.	Independent director	2018.05.12	2019.03.18	Yes
Lu Yingjin	School of Management and Economics of UESTC	Associate professor	2001.12.30	-	Yes
He Xintan	Changhong Huayi Compressor Co., Ltd.	Director	2018.01.05	2021.05.17	No
Zhong Ming	Zhongke Meiling Cryogenic Technology Co., Ltd.	Director	2015.08.28	2021.08.26	No
Li Xia	Zhongke Meiling Cryogenic Technology Co., Ltd.	Chairman of Supervisory	2015.08.28	2021.08.26	No
	Meiling CANDY Washing Machine Co., Ltd.	Supervisor	2017.04.24	-	No
Post-holding in other unit	N/A				

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

Applicable Not applicable

IV. Remuneration of directors, supervisors and senior executives

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

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

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

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

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

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

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

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

Allowance of the independent directors are paid by the standards approved in Annual Shareholders’ General Meeting, other director, who serves as senior executive at the same time, and non-staff supervisors except independent directors did not received remuneration from the Company; remunerations for senior executives of the Company are paid strictly by the unify remuneration valuation mechanism of the Company.

Directors, supervisors and senior executives of the Company has 19 in total up to 31 December 2018, actually 13 person receiving remuneration from the Company, 2 staff supervisors are received their remuneration by actual positions (non-supervisor post); furthermore, 3 independent directors are received the allowance monthly from the Company; the Company will pay remuneration to senior executives monthly/quarterly/annually.

During the reporting period, the Company has established the executive compensation and performance management program for the senior management of 2018 in accordance with the main scope, the responsibilities, the importance of the management positions of the senior management, and the compensation level of other relevant company and position, the program includes but not limited to the company's key performance indicator (KPI) and performance evaluation criteria, procedures and major evaluation system; the major programs and systems of the reward and punishment; review the performance of duties of the company's senior management and conduct the annual performance appraisal.

At the end of the year, the Remuneration and Appraisal Committee combined the work report and self-evaluation of the senior management in 2018, followed the performance evaluation criteria and procedures, and evaluated the

Key Performance Indicator (KPI) of the senior management in 2018; and other relevant indicators of performance evaluation; proposed the remuneration amount and performance appraisal approach of the senior management based on the job performance evaluation results and the remuneration policy, and reported to the Board for approval.

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

In 10 thousand Yuan

Name	Title	Sex	Age	Post status	Total remuneration obtained from the Company (before taxes)	Whether remuneration obtained from related party of the Company
Li Wei	Chairman	M	46	Currently in office	0	Yes
Wu Dinggang	Deputy Chairman	M	46	Currently in office	45.04	No
Kou Huameng	Director, Deputy president	M	49	Currently in office	29.19	No
Shi Qiang	Director	M	50	Currently in office	0	Yes
Yong Fengshan	Director	M	50	Currently in office	0	Yes
Hu Zhaogui	Director, Deputy president	M	45	Currently in office	43.05	No
Gan Shengdao	Independent director	M	52	Currently in office	11.90	No
Ren Jia	Independent director	M	55	Currently in office	11.90	No
Lu Yingjin	Independent director	M	54	Currently in office	11.90	No
Shao Min	Chairman of Supervisory	M	36	Currently in office	0	Yes
Huang Hong	Supervisor	F	48	Currently in office	0	Yes
He Xintan	Supervisor	M	38	Currently in office	0	Yes
Ji Ge	Staff supervisor	F	37	Currently in office	19.79	No
Zhu Wenjie	Staff supervisor	M	31	Currently in	18.46	No

				office		
Liu Hongwei	Executive deputy president	M	55	Currently in office	49.47	No
Zhong Ming	Deputy president	M	46	Currently in office	30.70	No
Huang Danian	Deputy president	M	49	Currently in office	30.53	No
Pang Haitao	CFO (person in charge of finance)	M	43	Currently in office	30.19	No
Li Xia	Secretary of the Board	F	38	Currently in office	26.60	No
Teng Guangsheng	Director	M	50	Office leaving	0	Yes
Total	--	--	--	--	358.72	--

Note: deputy chairman Mr. Wu Dinggang received remuneration for serves as President of the Company in the period

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

Applicable Not applicable

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

Applicable Not applicable

V. Staff of the Company

Changhong Meiling Co., Ltd. and its controlling subsidiaries owned on-job employees of 16,520 people in total. There are 97 people in retired are enjoying expenses paid by the Company.

(i) Numbers, professional structure and education background

On-job employee in parent company (people)	6,825
On-job employee in main subsidiary (people)	9,695
Total on-job employees (people)	16,520
Current total payroll(people)	16,520
Number of retired employees with expenses paid by the parent company and main subsidiary (people)	97
Professional structure	

Types of professional category	Numbers of professional category (people)
Production staff	10,357
Salesman	3,250
Technician	2,278
Financial staff	238
Administration staff	397
Total	16,520
Education background	
Type of education background	Numbers (people)
High school and below	11,165
Junior college	2,475
Undergraduate	2,732
Master and above	148
Total	16,520

(ii) Remuneration policy

Remuneration policy of the employees: the Company formulated human resources and compensation policy conducive to sustainable development of enterprise according to the provisions of relevant laws and policies promulgated by the state and to the Company's actual situation; through the performance appraisal, we guided managers and staff to make contribution for the development of the Company. At the same time, the Company attaches great importance to staff development, build the position system and promotion channels, and enhance staff capacity through a variety of training. We combine the incentive and guarantee compensation, encourages mutual develop between employees and the Company. The Companies concerned about employee benefits, shaping corporate culture by providing various holiday, allowance, sympathy, traffic and organizing colorful activities, thus improve employee satisfaction.

(iii) Training plans

Training plan: The Company has established the Staff Training Management System, Credit Management Regulations, Reserve Team Selection and Training Regulations and other systems and standard work flows, set up the staff capacity model, and gradually established the growth mechanism by combining the training with the individual employee development, and combining the qualification promotion with the career development.

1. The mechanism for the selection, education and use of reserve talents gradually presented. In 2018, the Company focused on advancing the project for talent construction, and optimized the high-level talent development echelons such as reserve leaders, reserve cadres, overseas businesses, overseas factories, and outstanding university students, and so on; establish a clear evaluation model for talent standards, promote the construction of talent standards for management, general manager of domestic sales, and overseas regional managers; establish succession maps for each sequence of talents, and clarify the ability status of existing talent teams and future talent succession systems.

2. Talent cultivation is more effective in supporting the development of the company. In order to effectively support the company's business policy of "product leadership, marketing transformation, efficiency improvement, team activation", the company released the Human Resources Strategic Plan of Changhong Meiling, on the one hand, improve the training enthusiasm and development capabilities of R & D personnel through the project points-based system, industry exchanges and other activities, on the other hand, aim at the shortcomings of team and personal ability, and promote accurate training programs, focus on actual working scenes, targeted at the core talent-oriented push courses, and the training effect gradually appears and the number of talents gradually increases.

3. Build a competitive enterprise cultural atmosphere. Successfully organized the corporate culture benchmark selection and theme activity of culture-on-wall; revised the enterprise culture manual, and re-organized the core concepts of the enterprise, and combined with monthly enterprise cultural construction, sports cultural festivals and other ways to deepen the awareness and recognition of the Company's employees to enterprise culture.

(iv) Labor outsourcing

Applicable Not applicable

Section IX. Corporate Governance

I. Corporate governance of the Company

(I) Overview of the corporate governance

In strict compliance with the Company Law, Securities Law, Governance Principles of Listed Company issued by the CSRC, and the Rules Governing the Listing of Securities on Shenzhen Stock Exchange (amended in 2018), the Company continued to construct and perfect its governance structure, thereby forming its decision-making, supervision and operation management organization with general meeting, the board of directors, the board of supervisors and operation management as the major structure. The general meeting, board of directors, board of supervisors and operation management of the Company has definite terms of reference, which can ensure an effective balance, scientific decision-making process and coordinative operation, laying firm foundation for making decisions relating to the Company's continuous, steady and healthy development.

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

1. Shareholders and general meeting

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

2. The Company and controlling shareholders:

The Company has independent business and independent management capability. The Company and its controlling shareholders owe independent business, personnel, assets, organs and finance. During the period, controlling shareholder abide by requirement of Article of Association and Management System of Related

Transactions, strictly regulate their behaviors, and no controlling shareholder has directly or indirectly intervened in the Company's policy-making and business activities beyond the general meeting of stockholders, no capital or assets of the Company occupied by controlling shareholder and its affiliates either.

3. The directors and board of directors

Board Meeting are revoke and open in line with the regulation of Company Law and Article of Association strictly, voting and information disclosure procedures appliance with relevant rules. All directors of the Company carry out work according to "Rules of Procedure of the Board" and "Independent Director System", seriously attend the board of directors and shareholders' meeting, exercise obligations by the law and faithfully perform their duties vigorously, positively participate in trainings of related knowledge open by Shenzhen Stock Exchange and Securities Bureau, and get familiar with related laws and regulations. Independent directors follow close to the line of Instruction of Setting Up Independent Directors System in Listed Companies and Independent Director System, take an active part in decision-making of the Company and present a prior approval and independent opinions for related transactions and major events, bring out the functions of independent directors.

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

4. Supervisors and board of supervisors

The Company convened and held meeting of supervisors in strict compliance with the Company Law and Articles of Association, and the voting and information disclosure procedures of supervisors' meeting complied with relevant requirements. The 8th session of board of supervisors consisted of five supervisors, two of whom are staff supervisor, the number and constitution of which met applicable laws and regulations. Our supervisors can carefully performed their duties including presenting at general meeting and meeting of the board of directors in accordance to the Rules of Procedures of Board of Supervisors, to exercise supervision over the board of directors' decision-making procedures, subjects to be proposed and our operation in law, to review the periodic reports prepared by the Board and form written audit opinion in respect thereof and to make effective supervision over our material transactions, connected transaction, financial position as well as the legality and compliance of the performance by directors and senior management and issue independent opinions in respect thereof.

5. The performance appraisal and incentive and constraint mechanism

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

6. The stakeholders

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

development of the Company together.

7. The information disclosure and transparency

During the Period, the Company strengthens management of information disclosure, performs the duty of information disclosure in strict accordance with the rules of related laws and regulations, Rules Governing the stock listed on Shenzhen Stock Exchange (2018 Reversion) and "Management System of Information Disclosure", and appoints *Securities Times*, *China Securities Journal*, *Hong Kong Commercial Daily* and Juchao Website (www.cninfo.com.cn) for information disclosure media; as for the major un-disclosed inside information, exercise strictly confidential procedures and controlling persons with inside information known. The Company perform duty in aspect of truthfully, accurately, timely and completely discloses information, ensures all investors obtain the Company's information equally and other legal interest.

8. Investor relations management

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

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

Yes No

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

II. Independent of the Company relative to controlling shareholders' in aspect of businesses, personnel, assets, organization and finance

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

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

2. The personnel: personnel, labor, personnel and salary of the Company are completely independent. President,

vice president, Secretary of the board of directors and other senior management personnel are working in the Company and receive salary, not receiving any remuneration and holding position of any except directors, supervisors in the controlling shareholder and its subordinate enterprises.

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

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

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

III. Horizontal competition

Applicable Not applicable

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

1. Annual Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
First Extraordinary General Meeting of 2018	Extraordinary General Meeting	31.74%	9 Jan. 2018	10 Jan. 2018	Juchao Website—(http://www.cninfo.com.cn) “Resolution Notice of First extraordinary general meeting of 2018” No.: 2018-001
AGM of 2017	AGM	30.1619%	10 May 2018	11 May 2018	Juchao Website—(http://www.cninfo.com.cn) “Resolution Notice of Annual General Meeting of 2017” No.: 2018-029
Second Extraordinary General Meeting of	Extraordinary General Meeting	31.1951%	21 June 2018	22 June 2018	Juchao Website—(http://www.cninfo.com.cn) “Resolution Notice of Second extraordinary general

2018					meeting of 2018” No.: 2018-038
Third Extraordinary General Meeting of 2018	Extraordinary General Meeting	31.63%	27 Nov. 2018	28 Nov. 2018	Juchao Website—(http://www.cninfo.com.cn) “Resolution Notice of Third extraordinary general meeting of 2018” No.: 2018-069
Fourth Extraordinary General Meeting of 2018	Extraordinary General Meeting	33.70%	27 Dec. 2018	28 Dec. 2018	Juchao Website—(http://www.cninfo.com.cn) “Resolution Notice of Fourth extraordinary general meeting of 2018” No.: 2018-079

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

Applicable Not applicable

V. Responsibility performance of independent directors

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

The attending of independent directors							
Independent director	Times of Board meeting supposed to attend in the report period	Times of present in person	Times of attending by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)	Times of attending the shareholder general meeting
Gan Shengdao	11	1	10	0	0	No	1
Ren Jia	11	1	10	0	0	No	4
Lu Yingjin	11	3	8	0	0	No	2

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

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

(ii) Objection for relevant events from independent directors

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

Yes No

Independent directors has no objections for relevant events in reporting period

(iii) Other explanation about responsibility performance of independent directors

Whether the opinions from independent directors have been adopted or not

Yes No

Explanation on recommendations adopted or un-adopted:

During the report period, the independent directors of the 8th session of the Board, Mr. Gan Shengdao, Mr. Ren Jia and Mr. Lu Yingjin, faithfully performed their duties, and prudently, earnestly and diligently exercised their rights as independent directors in strict accordance with “Corporation Law”, “Securities Law”, “Guidance on the Establishment of Independent Director System in Listed Companies” of China Securities Regulatory Commission, “Stock listing Rules”(Revised in 2018) of Shenzhen Stock Exchange, “Articles of Association”, “Independent Director System”, “Annual Report Working System of Independent Director”, and rules of related laws and regulations, not influenced by the major shareholders, actual controllers, or other units and individuals having a stake in the Company, actively attended the general meeting of shareholders and board meeting, made independent opinions on related matters, gave reasonable suggestions to the production and management and the business development of the Company, gave full play to the role as independent directors, and maintained the legitimate rights and interests of shareholders of the Company, especially the medium and small shareholders.

1. Deepen understanding operation of the Company. Independent directors take advantage of attending the shareholders meeting and Board meetings, fully understand the situation of operation of the Company, listen to the reports of business status and operation from the management. While in deliberated the related transactions, independent directors are accredited and issued opinions on the Board Meeting; as for the other proposals that need to decided by the Board, such as business development, financial operations and risk controlling, relevant materials are well-deliberated by independent directors, after report, they issued independent opinions and effectively promoted the scientific and objectivity of decisions of the board of directors.

2. Positive reinforce competency. Independent directors actively joined in the training activities for directors, supervisors and senior management held by the supervision organization, study relevant system and normative documents released and renew by the CSRC, Shenzhen Stock Exchange and other authority, deepened their understanding to relevant regulations, especially the regulations involving corporate governance structure and rights protection for shareholders with public shares, so as to strengthen and improve their protective capabilities for the Company and shareholders’ rights and interests, and form the ideology of consciously protecting the shareholders with public shares.

3. Diligently perform their duties. In the process of establishment and disclosure for 2018 annual report, the independent directors, Mr. Gan Shengdao, Mr. Ren Jia and Mr. Lu Yingjin, positively performed their duties, gave full play to their independent roles in the annual reports, carefully listened the management’s report about the annual business condition and development of major events and did necessary field visits, directly met and communicated with the Certified Public Accountants for annual report and internal control auditing in the audit process, and diligently performed their duties as the independent directors

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

Dated	Items	Agree/against	Disclosure index
2018-03-28	Independent opinion on relevant proposal of the 7 th session of 9 th BOD	Agreed	Juchao Website(www.cninfo.com.cn)
2018-04-12	Independent opinion on relevant proposal of the 8 th session of 9 th BOD	Agreed	Juchao Website(www.cninfo.com.cn)
2018-04-17	Independent opinion on carrying out forward foreign exchange fund transaction in 1Q of 2018	Agreed	Juchao Website(www.cninfo.com.cn)
2018-06-04	Independent opinion on relevant proposal of the 12 th session of 9 th BOD	Agreed	Juchao Website(www.cninfo.com.cn)
2018-06-21	Independent opinion on Appointment of the Deputy President of the Company	Agreed	Juchao Website(www.cninfo.com.cn)
2018-08-14	Independent opinion on relevant proposal of the 14 th session of 9 th BOD	Agreed	Juchao Website(www.cninfo.com.cn)
2018-10-17	Independent opinion on relevant proposal of the 15 th session of 9 th BOD	Agreed	Juchao Website(www.cninfo.com.cn)
2018-11-08	Independent opinion on relevant proposal of the 16 th session of 9 th BOD	Agreed	Juchao Website(www.cninfo.com.cn)
2018-12-10	Independent opinion on relevant proposal of the 17 th session of 9 th BOD	Agreed	Juchao Website(www.cninfo.com.cn)

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

(i) Responsibility performance for strategy committee of the Board

In accordance with the requirements of the relevant laws and regulations of the Company Law and the Listing Rules of the Shenzhen Stock Exchange and the relevant requirements of the CSRC and the Shenzhen Stock Exchange, the Strategic Committee under the Board of Directors of the company has strictly followed the provisions of the Articles of Association and the Working Rules of the Strategic Committee of the Board of Directors, strictly performed their duties, and offered proposals and carried out positive guides for the company's strategic development and foreign investments, the specific situation is as follows:

1. On March 18, 2018, the Strategic Committee convened the 1st meeting of the Strategy Committee of the 9th Board of Directors, deliberated and approved the two proposals as development plans for year of 2018, and Shareholder Return Plan for Next 3 Years (2018-2020);

(1) According to the Company's medium and long term development strategy, the committee members combined with the macroeconomic situation and industry status and summarized the annual work situation in 2017, discussed and established the Company's business thoughts and business plans in 2018, and further ensured the realization of the Company's medium and long term development strategic targets.

(2) In order to further improve and perfect the scientific, sustained and stable shareholder reward mechanism, increase the profit distribution policy and the transparency and operability of decision-making, and effectively protect the legitimate rights and interests of public investors, according to the requirements of Company Law, and the Notice on Further Implementing the Relevant Issues Concerning Cash Dividends of Listed Companies (ZJF No. [2012] 37) and Listing Company Supervision Guidelines No. 3 – Cash Dividends of Listed Companies (CSRC Announcement No. [2013] 43) of China Securities Regulatory Commission and other relevant laws, regulations and regulatory documents, in accordance with the relevant provisions of the Articles of Association, and comprehensively considering the company's financial status and other factors, it agreed to the company's Shareholder Return Plan of the Company for the Next Three Years (2018-2020). It agreed to submit the matter to the board of directors for consideration.

2. On May 4, 2018, the strategy committee held the second meeting of the strategy committee of the ninth board of directors, and reviewed and approved the Proposal of the Company to Submit a Binding Quotation for the Purchase of Stock Equity of Gorenje gospodinjski aparati d.d..

In order to rapidly enhance the company's brand influence, industry status and market share in overseas markets, further optimize the existing industrial structure and enhance its comprehensive competitiveness, it agreed the company to submit a binding quotation for the purchase of Gorenje's stock equity. It agreed to submit the proposal to the company's board of directors for consideration. .

3. On October 15, 2018, the strategy committee held the second meeting of the strategy committee of the ninth board of directors, and reviewed and approved the Proposal on the Capital Increase of Subsidiary Hongyuan Geothermal Heat Pump Technology Co., Ltd. to its Wholly-Owned Subsidiary.

According to the market demand, with the scale expansion of the company's geothermal heat pump products, in order to effectively meet market demand and make full use of policy resources, it agreed the company's holding subsidiary, Hongyuan Geothermal Heat Pump Technology Co., Ltd., to increase capital of RMB 30 million to its wholly-owned subsidiary, Hongyuan Geothermal Heat Pump Technology (Zhongshan) Co., Ltd. so as to further expand the production capacity of geothermal heat pump products and increase the R&D investment, and effectively meet market demand. It agreed to submit the matter to the board of directors for consideration.

4. On December 8, 2018, the strategy committee held the fourth meeting of the strategy committee of the ninth

board of directors, and reviewed and approved the Proposal of the Company to Newly Establish Technology-based Subsidiary.

According to the company's intelligent development strategy, in order to further enhance the company's product research and development capabilities in intelligence, frequency conversion, etc., and provide platforms for the company's internal new business development, it agreed the company to invest 10 million yuan to newly establish a technology-based subsidiary Hefei Meiling Zhihuijia Technology Co., Ltd. (tentatively, subject to the approval of the industrial and commercial bureau) to work on the intelligence, frequency conversion and other key technology research and development and the software development of refrigeration, freezer and other electrical products. It agreed to submit the matter to the board of directors for consideration.

5. On March 17, 2019, the strategy committee held the fifth meeting of the strategy committee of the ninth board of directors, and reviewed and approved the Proposal on the Company's Development Planning in 2019".

According to the company's medium and long-term development strategy, and combined with the macro environment and industry situation of the company, it discussed and established the company's management concept and business plans in 2019 to further ensure the realization of the company's medium and long-term development strategic goals after analyzing the company's overall work situation in 2018 .

(ii) Responsibility performance for audit committee of the Board

Audit committee of the Board performed its functions of supervision and examination to maintain the independence of audition in auditing for year of 2018 according to the requirements of related laws and regulations such as Company Law and *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange* and related requirements of Securities Regulatory Commission and Shenzhen Stock Exchange by abiding of Articles of Incorporation, Implementing Regulations of Audit Committee of Board of the Directors, and Annual Work Rules of Audit Committee, the details are as follows:

1. On 30 January 2018, the "Financial Statement Report for year of 2017 and Arrangement of Internal Control Auditing" and "Un-audited Financial Accounting Statement for year of 2017" were deliberated and approved in 2nd session of 9th audit committee of the Board. Found more details in "(II) Responsibility performance for audit committee of the Board" of "VI. Responsibility performance of subordinate special committee of the Board in report period" carried in "Section IX. Corporate Governance" disclosed in Annual Report 2017, released on Juchao Website (www.cninfo.com.cn) dated 30 March 2018.

2. On 8 March 2018, the 3rd session of 9th audit committee of the Board deliberated the first draft of Annual Report 2017, after a preliminary audit opinion issued from Shine Wing CPA (LLP). Found more details in "(II) Responsibility performance for audit committee of the Board" of "VI. Responsibility performance of subordinate special committee of the Board in report period" carried in "Section IX. Corporate Governance" disclosed in Annual Report 2017, released on Juchao Website (www.cninfo.com.cn) dated 30 March 2018.

3. On March 18, 2018, the audit committee held the 4th session of the 9th audit committee of the board o which

reviewed and approved six proposals as "The Company's 2017 Annual Audited Financial Reports", "2017 Internal Control Audit Report", "Summary report about the company's 2017 annual audit work taken up by Shine Wing Certified Public Accountants", "Motion on reappointment of the audit institution for 2018 annual financial report and internal controls and its payment", "Change of the Accounting Standards" and "Motion on the company to carry out forward foreign exchange transaction business", and agreed to submit the above motions to the board of directors for consideration.

4. On 15 April 2018, the "Financial Statement of 1Q of 2018" was deliberated and approved in 5th session of 9th audit committee of the Board, the un-audited financial statement present a real, accurate and completed financial status and operation results of the Company for 1Q of 2018. The financial statements of 1Q of 2018 agree to submit for approval in the Board.

5. On 4 August 2018, the "Financial Statement of Semi-annual 2018" was deliberated and approved in 6th session of 9th audit committee of the Board, the un-audited financial statement present a real, accurate and completed financial status and operation results of the Company for semi-annual of 2018. The financial statements of semi-annual 2018 agree to submit for approval in the Board.

6. On 15 October 2018, the "Financial Statement of 3Q 2018" was deliberated and approved in 7th session of 9th audit committee of the Board, the un-audited financial statement present a real, accurate and completed financial status and operation results of the Company for 3Q of 2018. The financial statement of 3Q 2018 agree to submit for approval in the Board.

7. On 24 January 2019, the "Financial Statement Report for year of 2018 and Arrangement of Internal Control Auditing" and "Un-audited Financial Accounting Statement for year of 2018" were deliberated and approved in 8th session of 9th audit committee of the Board, the un-audited financial statement presented an objectified financial status and operation results for year of 2018 basically.

8. On 9 March 2019, the audit committee held the 9th session of the 9th audit committee after the Shine Wing Certified Public Account (LLP) issued preliminary audit opinion. Reviewed the auditing draft of financial report for year of 2018, proposed specific opinions; members of audit committee communicated with certified public accountant who was responsible for audition of the company, the certified public accountant who was be responsible for annual audition of the company reported related matters and adjusted matters during the audition to the audit committee, and matters of the company needs to be adjusted have been adjusted according to adjustment opinions of the certified public accountant who was responsible for annual audition. The audit committee read the first draft of audited financial accounting statements for 2018 of the company according to audition condition known from certified public accountant who was responsible for annual audition and production operation condition and financial performances reported by management level of the company, considered that the annual financing accounting statements for 2018 audited preliminarily by the Shine Wing Certified Public Account can truly, correctly and completely reflect the operation condition of the company, and confirmed the preliminary audit opinions of financing accounting statements of the company issued by the Shine Wing Certified Public Account.

9. On 17 March 2019, the 10th session of the 9th audit committee of the Board deliberated and approved the followed six proposals as” Audited Financial Statement Report of 2018”, “Auditing Report of Internal Control for year of 2018”, ‘Summary Report on Auditing Works for year of 2018 from Shine Wing Certified Public Account’, “Auditing Institution for Financial Report of 2019 and Internal Control Auditing Re-engagement and Remuneration Paid”, “Opening Business of Forward Exchange” and “Change of the Accounting Policy”, and agreed to submit these auditing institutions to board of the directors of the Company for deliberation.

(iii) Responsibility performance for nominations committee of the Board

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

1. On June 1, 2018, the nomination committee held its 4th meeting of the nomination committee of the 9th board of directors, deliberated and approved proposal of qualification auditing for the non-independent director elected as 9th BOD. The committee considered that the qualifications of the candidate for the Company’s non-independent director to be elected were in line with the “Company Law”, “Articles of Association” and the relevant provisions of the China Securities Regulatory Commission, there were no cases that the China Securities Regulatory Commission determined as market bans or bans have not been lifted; the education background, office holding experience, professional competence, and professional qualities of the people to be elected were in line with the job requirements. It’s agreed to nominate Mr. Hu Zhaogui as the non-independent director of the 9th board of directors of the Company, which was submitted to the board of directors for deliberation.

2. On June 19, 2018, the nomination committee held its 5th meeting of the nomination committee of the 9th board of directors, deliberated and approved proposal of qualification auditing for the deputy president. The committee considered that the qualifications of the candidate for the Company’s deputy president to be elected were in line with the “Company Law”, “Articles of Association” and the relevant provisions of the China Securities Regulatory Commission, there were no cases that the China Securities Regulatory Commission determined as market bans or bans have not been lifted; the education background, office holding experience, professional competence, and professional qualities of the people to be elected were in line with the job requirements. In line with the relevant regulation of Article of Association, and being nominated by the President, Mr. Hu Zhaogui was nominated as the nomination of deputy president of the Company and submitted to the board of directors for deliberation.

3. On 9 Jan. 2019, the nomination committee held its 6th meeting of the nomination committee of the 9th board of directors, deliberated and approved proposal of acting as the chairman by the director and deputy president Mr. Kou Huameng. In view of the resignation of president - Mr. Wu Dinggang, the Company agreed to authorized

director and deputy president Mr. Kou Huameng acting as the Chairman of the Company; duration of the acting period will end till the new president appointed since 11 Jan. 2019, and submitted to the board of directors for deliberation.

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

In line with relevant laws and regulation of Company Law and “Rules Governing the Listing of Stocks on Shenzhen Stock Exchange” as well as requirement from CSRC and Shenzhen Stock Exchange, remuneration and appraisal committee of the Board, strictly follow rules of “Article of Association” and “Implementation Rules of remuneration and appraisal committee of the Board”, in the reporting period, the committee proposed suggestions on the performance evaluation standards and incentive & restraint mechanism for directors, supervisors and senior executives, and review the appraisal and remuneration of directors, supervisors and senior executives, accrual and distribution for performance incentive fund included. More details are as:

1. On March 18, 2018, the 1st meeting of the Remuneration and Appraisal Committee of the 9th Board of Directors was convened. The meeting reviewed and approved the "Appraisal and Payment of Remuneration of Directors and Senior Executives in the Year 2017", and carried out follow opinions:

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

The Board of Directors of the Company reviewed and passed the remuneration assessment and payment matters of the directors and senior executives in the Company's 2017 annual report based on the remuneration assessment status of senior executives of the Company and the opinions of the remuneration and appraisal committee.

2. On March 19, 2019, the remuneration and appraisal committee of the Ninth Session of Board of Directors convened the 2nd meeting which reviewed and approved the “Remuneration Assessment and Payment of Directors and Senior Executives of the Company in 2018” and issued the following review opinions:

The committee assessed and reviewed the remunerations and payment status of the Company's directors and senior executives in 2018, and considered that the allowances received by the independent directors of the Company should be paid at the allowance rate approved by the general meeting of shareholders; the

remunerations received by the Company's senior executives from the Company should be strictly based on the Company's remuneration and assessment system, the remuneration information disclosed by the Company was truthful, accurate, and complete and conformed to requirements of "Content and Format Norm for Information Disclosure of Companies Publicly Issuing Securities No. 2 - Content and Format of Annual Report (Revised in 2017)" of China Securities Regulatory Commission

The Board of Directors of the Company reviewed and passed the remuneration assessment and payment matters of the directors and senior executives in the Company's 2018 annual report based on the remuneration assessment status of senior executives of the Company and the opinions of the remuneration and appraisal committee.

VII. Works from Supervisory Committee

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

Yes No

Supervisory committee has no objection about supervision events in reporting period

VIII. Appraisal and incentive to senior management

(I) Evaluation mechanism for senior executives of the Company

The Company formulated "Implementation Rules of Remuneration and Appraisal Committee of the Board", the remuneration and appraisal committee established 2018 annual compensation and performance management plan for the senior management of the Company in accordance with the main scope, responsibilities, importance of their management positions and the remuneration level of other relevant enterprises and positions; the plan included but not limited to key performance indicator (KPI), performance appraisal standards, procedures and major programs and systems of main appraisal system, reward and punishment; investigated the execution of duty of the senior management and implemented annual performance appraisal to them. After reviewed by the committee, submit to the Board for approval.

At the end of the year, combined with the senior management's working reports and self-evaluation of 2018, and according to the performance evaluation criteria and procedures, the Compensation and Appraisal Committee has carried out performance appraisal to the senior management's key performance indication (KPI) in 2018 and other related indicators; proposed the remuneration amount and performance assessment methods for senior management according to the job performance evaluation results and remuneration distribution policy, and reported to the Board of Directors for approval.

(ii) Establishment and implementation of performance incentive mechanism

The Company formulated a mid-long term incentive and restraint mechanism, that is "Implementation Plan of Annual Performance Incentive Fund" in 2012, on 9 August 2012 and 28 August 2012, the Plan was deliberated

and approved in 16th meeting of 7th session of the Board and 2nd extraordinary general meeting 2012. Details of the aforesaid event can be found in the announcement (No.: 2012-028 and No.: 2012-035) released on appointed media Securities Times, China Securities Journal, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn) dated 10 August 2012 and 29 August 2012. Implementation of the annual performance incentive fund found more in “Implementation of Annual Performance Incentive Fund” of “XV Implementation of the company’s stock incentive plan, employee stock ownership plan or other employee incentives” in “Section V. Important Event” carried in the Report.

IX. Internal Control

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

Yes No

There are no details of major defects in IC appraisal report in reporting period

(ii) Appraisal Report of Internal Control

Date of evaluation report of internal control disclosed (Full-text)	2019-3-29
Index of evaluation report of internal control disclosed (Full-text)	Juchao Website(www.cninfo.com.cn)
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements	97.79%
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements	95.78%

Defects Evaluation Standards

Category	Financial Reports	Non-financial Reports
Qualitative criteria	<p>1. Material defect: severally or jointly with other defects, will lead to material wrong reporting in financial reports being not able to prevented or found or rectified in a timely manner. Occurrence of the followings will be deemed as material defect:</p> <p>1. inefficiency of environment control;</p> <p>2. fraud of directors, supervisors and senior management;</p> <p>3. The external auditor finds material wrong reporting in current financial statement, while the Company has not found such reporting during its operation;</p> <p>4. The material defect identified and reported to the management fails to be rectified in a reasonable time period;</p> <p>5. The audit committee and audit department of the Company</p>	<p>Occurrence of the followings shall be deemed as material defect, otherwise as major defect or general defect subject to the level of influence.</p> <p>1. breach of national laws, regulations or regulatory documents;</p> <p>2. procedure for making significant decisions is not scientific;</p> <p>3. absence of system may lead to invalid system;</p>

	<p>exercise invalid supervision upon internal control;</p> <p>6. Other defects which may affect financial statement users to make correct judgment.</p> <p>2. Major defect: severally or jointly with other defects, will lead to wrong reporting in financial reports being not able to prevented or found or rectified in a timely manner which still needs attention from the management though it doesn't reach or exceed material defect as described above. Occurrence of the followings will be deemed as major defect:</p> <p>(1) Financial losses caused by guaranteeing and investing in securities and financial derivatives transactions and disposing property right and stock right without authorization;</p> <p>(2) The company's financial staff or other relevant business personnel have unclear powers and responsibilities or job chaos, or are suspected of being involved in economic or job-related crimes and have been transferred to the judiciary;</p> <p>(3) Punishment or severely negative impacts on the company's image due to the bias implementation of the policy or accounting errors, etc.;</p> <p>(4) Financial losses caused by destroying, concealing, or altering the important original evidences at will, such as invoices and checks, etc.</p> <p>(5) Cash income is not entered into the account book, or public funds are deposited in private account or "private coffer" is established by breaking the rules.</p> <p>3. General defect: other internal control related defects that do not constitute material defects or major defect.</p>	<p>4. Material or major defects are not likely to rectify;</p> <p>5. Large negative effects on the company and disclosed in the form of announcement;</p> <p>6. Other issues that materially affect the Company.</p>
<p>Quantitative standard</p>	<p>1. Proportion of potential wrong reporting in total operating income: Material defect: wrong reporting $\geq 0.5\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.5\%$; General defect: wrong reporting $< 0.1\%$.</p> <p>2. Proportion of potential wrong reporting in total profit: Material defect: wrong reporting $\geq 10\%$; Major defect: $5\% \leq$ wrong reporting $< 10\%$; General defect: wrong reporting $< 5\%$.</p> <p>3. Proportion of potential wrong reporting in total assets: Material defect: wrong reporting $\geq 0.5\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.5\%$; General defect: wrong reporting $< 0.1\%$.</p> <p>4. Proportion of potential wrong reporting in total owners' equity: Material defect: wrong reporting $\geq 0.5\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.5\%$; General defect: wrong reporting $< 0.1\%$.</p>	<p>1. Proportion of direct property loss in total operating income: Material defect: wrong reporting $\geq 0.1\%$; Major defect: $0.05\% \leq$ wrong reporting $< 0.1\%$; General defect: wrong reporting $< 0.05\%$.</p> <p>2. Proportion of direct property loss in total profit: Material defect: wrong reporting $\geq 10\%$; Major defect: $5\% \leq$ wrong reporting $< 10\%$; General defect: wrong reporting $< 5\%$.</p> <p>3. Proportion of direct property loss in total assets: Material defect: wrong reporting $\geq 0.2\%$; Major defect: $0.1\% \leq$ wrong</p>

		reporting < 0.2%; General defect: wrong reporting < 0.1%. 4. Proportion of direct property loss in total owners' equity: Material defect: wrong reporting $\geq 0.2\%$; Major defect: $0.1\% \leq$ wrong reporting < 0.2%; General defect: wrong reporting < 0.1%.
Amount of significant defects in financial reports		0
Amount of significant defects in non-financial reports		0
Amount of important defects in financial reports		0
Amount of important defects in non-financial reports		0

X. Auditing report of internal control

Applicable Not applicable

Deliberation section of auditing report of IC	
We consider that: in all major aspects, Changhong Meiling Co., Ltd. has efficiency in financial report of internal control dated 31 December 2018 according to Basic Standards of Internal Control for Enterprise and relevant regulations.	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2019-3-29
Index of audit report of internal control (full-text)	Juchao Website(www.cninfo.com.cn)
Opinion type of auditing report of IC	Standard unqualified
whether the non-financial report had major defects	No

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

Yes No

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

Yes No

Section X. Corporate Bond

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

Yes No

Section XI. Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Date for signing the report	27 March 2019
Name of audit institute	Shine Wing Certified Public Accountants (LLP)
Serial of Auditing Report	XYZH/2019CDA40016
Name of CPA	Li Xifu, Xia Cuiqiong

Auditor's Report

XYZH/2019CDA40016

To Shareholders of Changhong Meiling Co., Ltd.:

I. Auditor's opinion

We, as the auditors, audited the financial statements of Changhong Meiling Co., Ltd. (the "Company"), which included the consolidated balance sheet as of 31 December 2018, the consolidated statement of income, the consolidated statement of cash flow and the consolidated statement of changes in equity of the Company for the year ended 31 December 2018, together with the relevant notes thereto.

We are the view that the attached financial statements are prepared in accordance with the Business Accounting Standards in all material aspects, which reflect fairly the consolidated financial position of the Company as of 31 December 2018 and the operating results and cash flow of the Company for the year of 2018.

II. Basis for audit opinions

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

III. Key audit issues

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

these matters. The key audit matter we identified is as follows:

1. Recognition of revenue	
Please refer to note (iv) 25 and note (vi) 37.	
Key audit matters	Audit address
<p>Sales revenue of the Company was mainly sourced from sales of refrigerator, air conditioner and washing machines to both domestic and overseas customers. As indicated in note (vi) 37 of the financial statement - Operating income and cost, the operating income was RMB17,490,174,950.01 in 2018. Since the truthfulness and completeness of revenue recognition has material impact on operating results, we attached great importance to recognition of sales revenue.</p>	<p>Main auditing procedures for revenue recognition are including:</p> <ol style="list-style-type: none"> 1) know and test the cycle internal control of sales and collection, to assess the design and effectiveness of the internal control; 2) understand the business substance, inspect significant sales contract and the corresponding sales invoice, on a random basis, receipt of notes, delivery information confirmed through systems, verify that whether revenue was recognized upon satisfaction of required conditions and whether the revenue recognition was made in right timing, and verify that whether profit was adjusted through aggressive sales policy; 3) Conduct inquiry through issue of letters, and carry out additional audit procedures for the items for which reply was abnormal; 4) review collection of trade receivables, confirm the conformity between the entities owing receivables and name of customers to verify whether there was collection of receivables from third parties, to review the truthfulness of the collection and revenue; 5) review collection of receivables in subsequent period; 6) Make cut-off test and analysis re-review on revenue.
2. Capitalization of development expense	
Please refer to note (iv) 19 and note (vi) 15	
Key audit matters	Audit address
<p>The development expense occurred for research and development of non-patent technology in 2018 was RMB152,448,558.04, which was capitalized and accounted for as development expense in the consolidated financial statement. Development expense could only be capitalized upon satisfaction of all the capitalization conditions set out in note (iv)19 to the financial statement. Since to confirm whether all the capitalization conditions are met requires the management to make significant judgment and estimate, we deem this matter important in the context of our audit.</p>	<ol style="list-style-type: none"> 1. Understand the key control of capitalization of development expenditures, implement internal control audit procedures, understand the scope and accounting methods of development expenditures, understand and make research and development on related control systems and processes, and test the effectiveness of relevant internal control design and operation; 2. Implementation: compare the developed projects in intangible assets with machinery models for external sales, and re-verify the truthfulness of capitalization of completely developed projects 3. Dual purpose testing: inspect the project reports and inspection

	and acceptance reports formed during the research and development and commercialization of developed products, and judge the sufficiency of basis for accounting of development expense
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IV. Other information

The management of Changhong Meiling Co., Ltd. (the “Management”) is responsible for other information which includes the information covered in the Company’s 2018 annual report excluding the financial statement and our audit report.

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

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

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

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

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

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

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

VI. Responsibilities of the auditor for the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

with the CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical

requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard measures.

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

Shine Wing Certified Public

Chinese CPA: (engagement partner): Li Xifu

Accountants (LLP)

Chinese CPA: Xia Cuiqiong

Beijing China

27 March 2019

II. Financial Statement

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated balance sheet

Prepared by Changhong Meiling Co., Ltd.

2018-12-31

In RMB

Item	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	4,596,077,557.40	5,283,081,788.04
Settlement provisions		
Capital lent		
Financial assets measured by fair value and with variation reckoned into current gains/losses	9,253,635.59	15,646,731.48
Derivative financial assets		
Note receivable and account receivable	4,058,819,532.50	3,855,064,993.38
Including: Note receivable	2,387,830,887.74	2,074,648,484.36
Account receivable	1,670,988,644.76	1,780,416,509.02
Accounts paid in advance	86,180,459.26	200,106,216.59
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	62,129,574.17	69,051,262.91
Including: Interest receivable	2,653,712.36	4,692,303.18
Dividend receivable		
Buying back the sale of financial assets		
Inventories	2,174,436,573.67	2,918,100,650.27
Assets held for sale		
Non-current asset due within one year		44,497,902.00
Other current assets	1,184,686,956.96	801,894,930.97

Total current assets	12,171,584,289.55	13,187,444,475.64
Non-current assets:		
Loans and payments on behalf		
Finance asset available for sales	45,000,000.00	31,000,000.00
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment	61,869,440.55	90,534,671.92
Investment real estate	46,846,507.41	9,569,711.72
Fixed assets	1,733,957,012.14	1,515,302,743.61
Construction in progress	464,558,352.60	174,857,717.15
Productive biological asset		
Oil and gas asset		
Intangible assets	817,579,958.94	772,853,622.41
Expense on Research and Development	108,210,966.60	85,624,078.79
Goodwill		
Long-term expenses to be apportioned		3,635,861.94
Deferred income tax asset	112,203,656.75	90,689,083.63
Other non-current asset		
Total non-current asset	3,390,225,894.99	2,774,067,491.17
Total assets	15,561,810,184.54	15,961,511,966.81
Current liabilities:		
Short-term loans	2,336,373,929.62	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	55,586,666.70	16,034,000.00
Derivative financial liability		
Note payable and account payable	6,009,929,380.98	6,876,651,907.18
Accounts received in advance	354,551,354.80	438,386,810.72
Selling financial asset of		

repurchase		
Commission charge and commission payable		
Wage payable	163,638,627.79	184,819,166.86
Taxes payable	109,753,432.17	61,292,671.72
Other account payable	660,320,360.26	843,617,509.48
Including: Interest payable	7,519,756.26	6,441,508.68
Dividend payable	17,317,286.45	2,890,364.80
Reinsurance payable		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Liability held for sale		
Non-current liabilities due within one year	273,682,737.85	46,454,376.68
Other current liabilities		
Total current liabilities	9,963,836,490.17	10,098,462,442.64
Non-current liabilities:		
Long-term loans	1,920,000.00	253,160,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable	5,017,208.00	12,483,687.53
Long-term wages payable	19,073,101.29	24,645,421.94
Accrual liability	273,063,677.21	313,013,878.20
Deferred income	160,250,963.60	102,569,955.39
Deferred income tax liabilities	3,098,699.11	
Other non-current liabilities		
Total non-current liabilities	462,423,649.21	705,872,943.06
Total liabilities	10,426,260,139.38	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	2,684,369,598.46	2,684,806,344.07
Less: Inventory shares		
Other comprehensive income	-18,143,569.26	-7,262,322.02
Reasonable reserve		
Surplus public reserve	400,673,993.50	391,029,420.33
Provision of general risk		
Retained profit	904,232,582.87	937,894,771.93
Total owner' s equity attributable to parent company	5,015,730,486.57	5,051,066,095.31
Minority interests	119,819,558.59	106,110,485.80
Total owner' s equity	5,135,550,045.16	5,157,176,581.11
Total liabilities and owner' s equity	15,561,810,184.54	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	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	2,897,004,041.87	3,411,454,144.54
Financial assets measured by fair value and with variation reckoned into current gains/losses	9,253,635.59	14,077,531.48
Derivative financial assets		
Note receivable and account receivable	3,483,525,970.01	3,121,486,894.18
Including: Note receivable	2,433,243,946.64	1,748,615,925.92
Account receivable	1,050,282,023.37	1,372,870,968.26
Accounts paid in advance	58,710,427.38	162,232,742.46
Other account receivable	182,744,033.52	39,849,732.36
Including: Interest receivable	2,653,712.36	
Dividend receivable		
Inventories	911,130,106.30	1,028,423,929.21

Assets held for sale		
Non-current asset due within one year		
Other current assets	1,113,987,528.70	615,877,268.44
Total current assets	8,656,355,743.37	8,393,402,242.67
Non-current assets:		
Finance asset available for sales	45,000,000.00	31,000,000.00
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment	1,731,109,903.70	1,705,007,815.84
Investment real estate	7,618,550.16	7,960,789.08
Fixed assets	1,082,915,540.08	976,732,228.85
Construction in progress	125,064,106.10	67,205,463.02
Productive biological asset		
Oil and gas asset		
Intangible assets	462,425,105.64	457,534,626.06
Expense on Research and Development	57,383,653.72	23,782,085.92
Goodwill		
Long-term expenses to be apportioned		
Deferred income tax asset	78,357,299.17	76,015,591.58
Other non-current asset		
Total non-current asset	3,589,874,158.57	3,345,238,600.35
Total assets	12,246,229,901.94	11,738,640,843.02
Current liabilities:		
Short-term loans	1,911,719,726.13	1,186,026,000.00
Financial liability measured by fair value and with variation reckoned into current gains/losses	19,893,875.00	16,034,000.00
Derivative financial liability		
Note payable and account payable	4,013,263,630.45	3,675,862,014.96
Accounts received in advance	105,815,140.88	53,558,493.11
Wage payable	31,271,182.48	33,060,896.41
Taxes payable	21,992,129.58	16,641,410.98

Other account payable	427,293,961.56	1,020,147,696.15
Including: Interest payable	5,801,215.14	3,999,358.60
Dividend payable	17,317,286.45	2,890,364.80
Liability held for sale		
Non-current liabilities due within 1 year	258,588,504.48	7,715,255.20
Other current liabilities		
Total current liabilities	6,789,838,150.56	6,009,045,766.81
Non-current liabilities:		
Long-term loans	1,920,000.00	253,160,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable	19,073,101.29	24,645,421.94
Accrual liability	266,641,323.73	313,013,878.20
Deferred income	53,118,676.50	56,906,985.04
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	340,753,101.52	647,726,285.18
Total liabilities	7,130,591,252.08	6,656,772,051.99
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	2,753,017,007.10	2,753,017,007.10
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	400,455,827.82	390,811,254.65
Retained profit	917,567,933.94	893,442,648.28
Total owner' s equity	5,115,638,649.86	5,081,868,791.03

Total liabilities and owner' s equity	12,246,229,901.94	11,738,640,843.02
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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	17,490,174,950.01	16,797,436,757.36
Including: Operating income	17,490,174,950.01	16,797,436,757.36
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	17,494,759,477.68	16,900,689,559.48
Including: Operating cost	14,226,402,020.40	13,802,673,137.30
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	138,915,058.61	149,482,479.91
Sales expense	2,576,277,169.86	2,434,337,059.85
Administrative expense	317,917,548.03	285,953,969.91
R&D expense	235,299,398.06	210,977,773.13
Financial expense	-39,305,608.74	-33,648,833.18
Including: Interest expenses	101,451,047.10	67,750,377.89
Interest income	127,986,419.36	145,489,942.29
Losses of devaluation of asset	39,253,891.46	50,913,972.56
Add: other income	94,938,682.39	71,747,005.11
Investment income (Loss is listed with “-”)	3,931,358.68	102,766,412.15

Including: Investment income on affiliated company and joint venture	-23,357,648.90	-2,625,710.04
Income from change of fair value (Loss is listed with “-”)	-45,949,257.12	-11,888,232.24
Exchange income (Loss is listed with “-”)		
Income from assets disposal (Loss is listed with “-”)	787,721.32	-8,206,289.88
III. Operating profit (Loss is listed with “-”)	49,123,977.60	51,166,093.02
Add: Non-operating income	6,486,445.70	5,671,791.04
Less: Non-operating expense	21,268,525.58	222,977.82
IV. Total Profit (Loss is listed with “-”)	34,341,897.72	56,614,906.24
Less: Income tax expense	-533,886.62	20,520,373.53
V. Net profit (Net loss is listed with “-”)	34,875,784.34	36,094,532.71
(i) net profit from continuous operation (Net loss is listed with “-”)	34,875,784.34	36,094,532.71
(ii) net profit from discontinued operation (Net loss is listed with “-”)		
Net profit attributable to owner’ s of parent company	38,658,256.97	32,473,204.92
Minority shareholders’ gains and losses	-3,782,472.63	3,621,327.79
VI. Net after-tax of other comprehensive income	-15,324,313.47	-14,082,920.83
Net after-tax of other comprehensive income attributable to owners of parent company	-10,881,247.24	-10,736,868.97
(i) Other comprehensive income items which will not be reclassified subsequently to gain/loss		
1.Re-measurement of the change of defined benefit plan		
2.Other comprehensive income unable transfer to gain/loss under equity method		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	-10,881,247.24	-10,736,868.97
1.Other comprehensive income able to transfer to gain/loss under equity method		
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	-10,881,247.24	-10,736,868.97
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders	-4,443,066.23	-3,346,051.86
VII. Total comprehensive income	19,551,470.87	22,011,611.88
Total comprehensive income attributable to owners of parent Company	27,777,009.73	21,736,335.95
Total comprehensive income attributable to minority shareholders	-8,225,538.86	275,275.93
VIII. Earnings per share:		
(i) Basic earnings per share	0.0370	0.0311
(ii) Diluted earnings per share	0.0370	0.0311

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	9,527,195,962.62	8,517,669,513.46
Less: Operating cost	8,403,695,872.50	7,638,749,033.68
Tax and extras	60,224,004.51	68,182,464.42
Sales expense	795,840,509.28	709,359,125.82
Administrative expense	139,521,280.49	118,980,188.48
R&D expense	100,055,433.15	90,459,548.26
Financial expense	3,339,104.39	-17,337,616.73
Including: Interest expenses	78,111,310.86	49,327,120.29
Interest income	78,419,587.54	95,116,040.27
Losses of devaluation of asset	13,569,683.39	1,260,709.01
Add: other income	59,460,881.42	24,681,144.75
Investment income (Loss is listed with “-”)	45,078,361.41	59,581,326.89

Including: Investment income on affiliated company and joint venture	-4,601,912.14	2,649,526.63
Income from change of fair value (Loss is listed with “-”)	-8,683,770.89	-14,016,681.82
Income from assets disposal (Loss is listed with “-”)	-3,459,155.14	8,023,508.61
II. Operating profit (Loss is listed with “-”)	103,346,391.71	-13,714,641.05
Add: Non-operating income	3,972,014.46	2,670,109.81
Less: Non-operating expense	13,050,649.33	5,994.20
III. Total Profit (Loss is listed with “-”)	94,267,756.84	-11,050,525.44
Less: Income tax expense	-2,177,974.85	-10,829,795.68
IV. Net profit (Net loss is listed with “-”)	96,445,731.69	-220,729.76
(i) net profit from continuous operation (Net loss is listed with “-”)	96,445,731.69	-220,729.76
(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 gain/loss		
1.Re-measurement of the change of defined benefit plan		
2.Other comprehensive income unable transfer to gain/loss under equity method		
(iii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income able to transfer to gain/loss under equity method		
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	96,445,731.69	-220,729.76

VII. Earnings per share:		
(i) Basic earnings per share	0.0923	-0.0002
(ii) Diluted earnings per share	0.0923	-0.0002

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	15,976,109,415.91	14,387,433,715.06
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	513,524,044.20	481,226,085.12
Other cash received concerning operating activities	288,727,912.46	72,232,660.48
Subtotal of cash inflow arising from operating activities	16,778,361,372.57	14,940,892,460.66
Cash paid for purchasing commodities and receiving labor service	14,150,885,874.62	12,822,457,926.13
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	1,593,886,073.87	1,412,237,721.51
Taxes paid	354,788,287.80	529,295,201.24
Other cash paid concerning operating activities	899,361,751.64	728,403,606.52
Subtotal of cash outflow arising from operating activities	16,998,921,987.93	15,492,394,455.40
Net cash flows arising from operating activities	-220,560,615.36	-551,501,994.74
II. Cash flows arising from investing activities:		
Cash received from recovering investment	3,440,000,000.00	5,185,762,362.50
Cash received from investment income	78,170,149.44	99,388,295.58
Net cash received from disposal of fixed, intangible and other long-term assets	18,142,337.83	16,382,561.67
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	132,195,914.39	150,058,101.10
Subtotal of cash inflow from investing activities	3,668,508,401.66	5,451,591,320.85
Cash paid for purchasing fixed, intangible and other long-term assets	632,592,327.39	536,726,917.60
Cash paid for investment	3,944,000,001.00	4,389,654,061.22
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	46,837,275.82	34,559,606.18
Subtotal of cash outflow from investing activities	4,623,429,604.21	4,960,940,585.00
Net cash flows arising from investing activities	-954,921,202.55	490,650,735.85
III. Cash flows arising from financing activities		
Cash received from absorbing investment	24,865,000.00	33,078,316.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	24,865,000.00	33,078,316.00

Cash received from loans	3,144,071,966.63	2,847,116,546.03
Cash received from issuing bonds		
Other cash received concerning financing activities	44,497,902.00	
Subtotal of cash inflow from financing activities	3,213,434,868.63	2,880,194,862.03
Cash paid for settling debts	2,514,013,375.52	1,568,796,275.10
Cash paid for dividend and profit distributing or interest paying	129,757,442.60	104,008,477.82
Including: Dividend and profit of minority shareholder paid by subsidiaries	1,364,418.00	
Other cash paid concerning financing activities	2,692,486.99	755,161.84
Subtotal of cash outflow from financing activities	2,646,463,305.11	1,673,559,914.76
Net cash flows arising from financing activities	566,971,563.52	1,206,634,947.27
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	3,387,671.93	-42,116,337.75
V. Net increase of cash and cash equivalents	-605,122,582.46	1,103,667,350.63
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	4,484,643,187.93	5,089,765,770.39

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
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	7,727,625,739.70	7,050,861,082.17
Write-back of tax received	252,804,115.39	277,612,425.00
Other cash received concerning operating activities	69,407,867.46	36,403,787.40
Subtotal of cash inflow arising from operating activities	8,049,837,722.55	7,364,877,294.57
Cash paid for purchasing commodities and receiving labor service	6,922,851,690.83	7,234,343,960.87

Cash paid to/for staff and workers	503,716,419.03	537,308,223.27
Taxes paid	70,693,096.67	141,241,809.02
Other cash paid concerning operating activities	375,443,290.96	241,365,806.44
Subtotal of cash outflow arising from operating activities	7,872,704,497.49	8,154,259,799.60
Net cash flows arising from operating activities	177,133,225.06	-789,382,505.03
II. Cash flows arising from investing activities:		
Cash received from recovering investment	3,400,000,000.00	4,535,200,000.00
Cash received from investment income	79,368,449.44	86,311,303.39
Net cash received from disposal of fixed, intangible and other long-term assets	1,977,299.42	13,587,847.40
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	159,661,646.80	122,984,125.03
Subtotal of cash inflow from investing activities	3,641,007,395.66	4,758,083,275.82
Cash paid for purchasing fixed, intangible and other long-term assets	230,279,910.34	273,777,654.00
Cash paid for investment	3,954,704,000.00	4,474,076,391.20
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	295,811,872.57	29,844,135.92
Subtotal of cash outflow from investing activities	4,480,795,782.91	4,777,698,181.12
Net cash flows arising from investing activities	-839,788,387.25	-19,614,905.30
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	2,292,940,156.01	2,362,551,446.03
Cash received from issuing bonds		
Other cash received concerning financing activities	29,222,628.76	520,583,765.55
Subtotal of cash inflow from financing activities	2,322,162,784.77	2,883,135,211.58
Cash paid for settling debts	1,590,083,600.00	1,483,860,614.21
Cash paid for dividend and profit distributing or interest paying	114,844,654.18	101,663,528.19
Other cash paid concerning financing activities	472,573,573.53	118,049,145.68
Subtotal of cash outflow from financing activities	2,177,501,827.71	1,703,573,288.08

Net cash flows arising from financing activities	144,660,957.06	1,179,561,923.50
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	2,349,591.64	-28,206,473.71
V. Net increase of cash and cash equivalents	-515,644,613.49	342,358,039.46
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	2,894,384,811.05	3,410,029,424.54

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 owner's equity	
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus public 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 “-”)					-436,745.61		-10,881,247.24		9,644,573.17		-33,662,189.06	13,709,072.79	-21,626,535.95

(i) Total comprehensive income							-10,881,247.24				38,658,256.97	-8,225,538.86	19,551,470.87
(ii) Owners' devoted and decreased capital							-436,745.61					23,299,029.65	22,862,284.04
1. Common shares invested by owners												24,865,000.00	24,865,000.00
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													
4. Other							-436,745.61					-1,565,970.35	-2,002,715.96
(III) Profit distribution									9,644,573.17		-72,320,446.03	-1,364,418.00	-64,040,290.86
1. Withdrawal of surplus reserves									9,644,573.17		-9,644,573.17		
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)											-62,675,872.86	-1,364,418.00	-64,040,290.86
4. Other													
(IV) Carrying forward internal owners' equity													
1. Capital reserves conversed to capital (share capital)													

2. Surplus reserves converted to capital (share capital)													
3. Remedying loss with surplus reserve													
4. Change amount of defined benefit plans that carry forward retained earnings													
5. Other													
(v) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(vi) Other													
IV. Balance at the end of the report period	1,044,597,881.00				2,684,369,598.46		-18,143,569.26		400,673,993.50		904,232,582.87	119,819,558.59	5,135,550,045.16

Last period

In RMB

Item	Last period												
	Owners' equity attributable to parent company										Minority interests	Total owner's equity	
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus public reserve	Provision of general risk			Retained profit
Preferred		Perpetual	Other										

		stock	capital securities										
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 owners												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. Change amount of defined benefit plans that carry forward retained earnings													

5. Other													
(v)Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(vi)Other													
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 public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus public reserve	Retained profit	Total owner' s equity
		Preferr ed 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 “-”)									9,644,573.17	24,125,285.66	33,769,858.83
(i) Total comprehensive income										96,445,731.69	96,445,731.69
(ii) Owners’ devoted and decreased capital											
1. Common shares invested by owners											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other											
(III) Profit distribution									9,644,573.17	-72,320,446.03	-62,675,872.86
1. Withdrawal of surplus reserves									9,644,573.17	-9,644,573.17	
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. Change amount of defined benefit plans that carry forward retained earnings											
5. Other											
(v) Reasonable reserve											
1. Withdrawal in the report period											
2. Usage in the report period											
(vi) Other											
IV. Balance at the end of the report period	1,044,597,881.00				2,753,017,007.10				400,455,827.82	917,567,933.94	5,115,638,649.86

Last period

In RMB

Item	Last period										
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus public reserve	Retained profit	Total owner' s equity
		Preferr ed 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	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 owners											
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. Remedying loss with surplus reserve											
4. Change amount of defined benefit plans that carry forward retained earnings											
5. Other											
(v) Reasonable reserve											

1. Withdrawal in the report period											
2. Usage in the report period											
(vi)Other											
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 to Financial Statements of Changhong Meiling Co., Ltd.

From 1 January 2018 to 31 December 2018

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

I. Company profile

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

State-owned Assets Supervision & Administration Commission of the State Council approved such transfers with Document Guozi Chanquan No.253 in 2007 Reply on Matters of Hefei Meiling Group Holdings Company Limited Transferring Partial State-owned Ownership, Hefei Meiling Group Holdings Company Limited (hereinafter abbreviated as Meiling Group) transferred its holding 37,852,683 shares in 82,852,683 state-owned shares of the Company to Sichuan Changhong Electronic Group Co., Ltd (hereinafter abbreviated as Changhong Group), other 45,000,000 shares to Sichuan Changhong Electric Co. Ltd (hereinafter abbreviated as Sichuan Changhong). On Aug 15, 2007, the above ownership 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. 752] issued by SASAC, agrees the above said transferring.

On October 29, 2008, Changhong Group Company signed Agreement on Equity Transfer of Hefei Meiling Co., Ltd with Sichuan Changhong, in which 32,078,846 tradable A-shares with conditional subscription of the Company (accounting for 7.76% in total shares) held by Changhong Group Company. On 23 December 2008, “Reply of Transfer Freely of Part of the Shares of Hefei Meiling Co., Ltd. held by State-owned shareholders” [GZCQ (2008) No. 1413] issued by SASAC agrees the above said share transferring.

On 24 December 2010, being deliberated and approved in 32nd Session of 6th BOD and 2nd Extraordinary Shareholders’ General Meeting of 2010 as well as approval of document [ZJXP(2010) No. 1715] from CSRC,

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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 12th Session of the 8th BOD of the company and the first extraordinary general meeting in 2016, and approved by the document of China Securities Regulatory Commission [CSRC License No. (2016) 1396] “Reply to the approval of non-public offering of shares of Hefei Meiling Co., Ltd.”, the company has actually raised funds of 1,569,999,998.84 Yuan by non-public offering of no more than 334,042,553 new shares at face value of 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 increased paid-in capital (share capital) of 280,858,676.00 Yuan, increased capital reserve (share premium) of 1,259,874,046.76 Yuan. This capital increase has been verified by No. [XYZH2016CDA40272] capital verification report of ShineWing Certified Public Accountants special general partnership.

Ended as 31 December 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
(I)Restricted shares	80,431,408	7.70%
1. State-owned shares		
2. State-owned legal person's shares	70,793,625	6.78%
3. Other domestic shares	8,370,363	0.80%
Including: Domestic legal person's shares	4,716,077	0.45%

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Domestic natural person's shares	3,654,286	0.35%
4. Foreign shares	1,267,420	0.12%
Including: Overseas legal persons		
Overseas natural person's shares	1,267,420	0.12%
(II)Unrestricted shares	964,166,473	92.30%
1. RMB Ordinary shares	802,569,893	76.83%
2. Domestically listed foreign shares	161,596,580	15.47%
3. Overseas listed foreign shares		
4. Others		
Total shares	1,044,597,881	100.00%

The Company belongs to the manufacture of light industry, and engaged in the production and sale of refrigerator, freezer and air-conditioner. Unified social credit code of the Company: 9134000014918555XK; Address: No.2163, Lianhua Road, Economy and Technology Development Zone, Hefei City; Legal Representative: 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 Macao) Business Scope: R&D, manufacture and sales of cooling apparatus, air-conditioner, washing machine, water heater, kitchenware, home decoration, bathroom, lamps & lanterns, household & similar appliance, injection plastic machine of computer controlling, plastic products, metalwork, packaging products and decorations as well as the installation and technical consultant services. Business of self-produced products, technology export and import-export of the raw& auxiliary materials, machinery equipment, instrument and technology; department sales and transportation

II. Scope of consolidated financial statement

The Company's consolidated financial statement included 47 subsidiaries including Sichuan Changhong Air-conditioner Co., Ltd., Zhongshan Changhong Electric Co., LTD and Zhongke Meiling Cryogenic Technology Co., Ltd. Etc.As compared to previous year, subsidiary Zhongshan Hongyou Electric Co.,Ltd, Shijiazhuang Meiling Electronic Appliance Marketing Co., Ltd, Guiyang Meiling Electronic Appliance Marketing Co., Ltd, Kunming Meiling Electronic Appliance Marketing Co., Ltd, Chongqing Meiling Electronic Appliance Marketing Co., Ltd, Wuhu Meiling Electronic Appliance Marketing Co., Ltd., Changchun Meiling Electronic Appliance Marketing Co., Ltd, Jingzhou Meiling Electronic Appliance Marketing Co., Ltd, Nantong Meiling Electronic Appliance Marketing Co., Ltd, Harbin Meiling Electronic Appliance Marketing Co., Ltd and Shenyang Meiling Electronic Appliance Marketing Co., Ltd were 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

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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.

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

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further review on the fair values of the net identifiable assets, liabilities or contingent liabilities acquired as well as the fair value of the non-cash assets portion of combination consideration or the equity securities issued by the Company. In case that the Company finds the cost of combination is still lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets after such further review, the difference is recognized in non-operating income for the current period when combination occurs.

6. Measures on Preparation of Consolidated Financial Statements

The Company shall put all the subsidiaries controlled and main body structured into consolidated financial statements.

Any difference arising from the inconformity of accounting year or accounting policies between the subsidiaries and the Company shall be adjusted in the consolidated financial statements.

All the material inter-company transactions, non-extraordinary items and unrealized profit within the combination scope are written-off when preparing consolidated financial statement. Owners' equity of subsidiary not attributable to parent company and current net gains and losses, other comprehensive income and total comprehensive income attributable to minority shareholders are recognized as non-controlling interests, minority interests, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders in consolidated financial statement respectively.

As for subsidiary acquired through business combination under common control, its operating results and cash flow will be included in consolidated financial statement since the beginning of the period when combination occurs. When preparing comparative consolidated financial statement, the relevant items in previous years financial statement shall be adjusted as if the reporting entity formed upon combination has been existing since the ultimate controller commenced relevant control.

As for equity interests of the investee under common control acquired through various transactions which eventually formed business combination, the Company shall supplement disclosure of the accounting treatment in consolidated financial statement in the reporting period when controlling power is obtained. For example, as for equity interests of the investee under common control acquired through various transactions which eventually formed business combination, adjustments shall be made as if the current status had been existing 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

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losses in the period as the comparative financial statement involves, respectively.

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

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

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

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

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

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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

(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

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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 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.

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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 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) Recognition 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

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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.

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, recognition basis and measurement

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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 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

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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	Methods on withdrawal of bad debt provision based on combination
Combination 2	Combination 1 Withdrawal bad debt provision by proportion in different age group

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

Account age	Withdrawal proportion of account receivable (%)	Withdrawal proportion of other account receivable (%)
Within one year(one 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
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Withdrawal method for bad debt provision	Impairment test on the current value of predicted future cash flow, bad debt provision withdrawal.
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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
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%

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Grade	Stock duration	Withdrawal proportion for obsolete provision
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 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

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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 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

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estimated utilization state.

Consequent measurement of investment estate shall be measured by cost method. Depreciation is provided with average service life method pursuant to the predicted service life and net rate of salvage value. The predicted service life and net rate of salvage value and annual depreciation are listed as follows:

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

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

When investment 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.

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

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

The Company withdraws depreciation for all fixed assets except for those which have been fully depreciated while continuing to use. It adopts average service life method for withdrawing depreciation which is treated respectively as cost or current expense of relevant assets according to purpose of use. The depreciation term, predicted rate of salvage value and depreciation rate applied to fixed assets of the Company are as follows:

No.	Category	Depreciation term	Predicted rate of salvage value	Depreciation rate per year
1	House and buildings	30-40 years	4%-5%	2.375%-3.20%
2	Machinery equipment	10-14 years	4%-5%	6.786%-9.60%
3	Transport equipment	5-12 years	4%-5%	7.92%-19.20%
4	Other equipment	8-12 years	4%-5%	7.92%-12.00%

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.

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

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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 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;

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- (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

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;

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(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

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.

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The early retirement policy for staff and workers of the Company is the compensation for encouraging staff and workers to accept the reduction voluntarily. The employees make applications voluntarily, the two parties sign the compensation agreement after approved by the Company and calculate the compensation amount according to the compensation standard passed by the staff representative conference, and the Company confirms it as dismiss welfare and reckons it in current profits and losses. As the Company promises to adjust the treatment for early retiring staff and workers with the increase of social basic cost of living allowances, the discount elements will not be considered for calculating the dismiss welfare.

24. Accrual liability

If the business in connection with such contingencies as a security involving a foreign party, commercial acceptance bill discount, pending litigation or arbitration, product quality assurance, etc. meets all of the following conditions, the Company will confirm the aforesaid as liabilities: the obligation is an existing obligation of the Company; performance of the obligation is likely to cause economic benefits to flow out of the enterprise; the amount of the obligation is reliably measurable.

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.

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(3) The economy benefit of use-right of transfer assets probably wills 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 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:

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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.

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

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transaction, the non-current assets or disposal group can be sold immediately at its current condition; 2) The sale is likely to occur, that is, the Company has made resolution on the selling plan and obtained definite purchase commitment, the selling is estimated to be completed within one year. Those assets whose disposal is subject to approval from relevant authority or supervisory department under relevant requirements are subject to that approval. Prior to the preliminary classification of non-current assets or disposal group as the category of held-for-sale, the Company measures the carrying value of the respective assets and liabilities within the non-current assets or disposal group under relevant accounting standards. For non-current asset or disposal group held for sale, for which it is found that the carrying value is higher than its fair value less disposal expense during the initial measurement or re-measurement on the balance sheet date, the carrying value shall be deducted to the net amount of fair value less disposal expense, and the reduced amount shall be recognized as impairment loss in profit or loss for the period, and provision of impairment of assets held for sale shall be provided for accordingly.

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

(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.

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

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

The subsequent reversed amount in respect of the impairment loss on assets recognized in the disposal group held for sale will increase the book value in proportion of the book value of each non-current 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

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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

Business segment was the major reporting form of the Company, which divided into 4 parts: air-conditioner, refrigerator and freezer, 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.

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

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

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

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

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

(5) Projected liabilities arising from product quality guarantee

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

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

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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 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

Content and reasons	Approval procedure	Note
Revised the format of financial statement according to the Notice of the Ministry of Finance on Revising and Printing the Format of Financial Statements for General Enterprises in 2018 (CK [2018] No.15)	Approved by 20 th session of 9 th BOD	Found below as details

The Company prepared the financial statement 2018 in line with the (CK [2018] No.15) documents, relevant items are changed with retrospective application. Details are as:

The consolidated balance sheet and balance sheet of parent company on 31 December 2017 are:

Item affected	consolidated balance sheet			balance sheet of parent company		
	Before adjustment	Amount adjusted	After adjustment	Before adjustment	Amount adjusted	After adjustment
Note receivable and account receivable		3,855,064,993.38	3,855,064,993.38		3,121,486,894.18	3,121,486,894.18
Note receivable	2,074,648,484.36	-2,074,648,484.36		1,748,615,925.92	-1,748,615,925.92	
Account receivable	1,780,416,509.02	-1,780,416,509.02		1,372,870,968.26	-1,372,870,968.26	
Interest receivable	4,692,303.18	-4,692,303.18				
Interest dividend						
Other account receivable	64,358,959.73	4,692,303.18	69,051,262.91	39,849,732.36	0.00	39,849,732.36
Fixed assets	1,439,427,226.50	75,875,517.11	1,515,302,743.61	933,149,895.50	43,582,333.35	976,732,228.85
Construction in progress	174,857,717.15		174,857,717.15	67,205,463.02	0.00	67,205,463.02
Engineering material				0.00	0.00	
Disposal of fixed assets	75,875,517.11	-75,875,517.11		43,582,333.35	-43,582,333.35	
Note payable and		6,876,651,907.18	6,876,651,907.18		3,675,862,014.96	3,675,862,014.96

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account payable						
Note payable	4,006,765,857.99	-4,006,765,857.99		2,001,732,195.76	-2,001,732,195.76	
Account payable	2,869,886,049.19	-2,869,886,049.19		1,674,129,819.20	-1,674,129,819.20	
Interest payable	6,441,508.68	-6,441,508.68		3,999,358.60	-3,999,358.60	
Dividend payable	2,890,364.80	-2,890,364.80		2,890,364.80	-2,890,364.80	
Other account payable	834,285,636.00	9,331,873.48	843,617,509.48	1,013,257,972.75	6,889,723.40	1,020,147,696.15
Long-term payables	10,953,687.53	1,530,000.00	12,483,687.53			
Special payable	1,530,000.00	-1,530,000.00				

Consolidate profit statement and parent company's profit statement for year of 2017 are as:

Item affected	Consolidate profit statement			parent company's profit statement		
	Before adjustment	Amount adjusted	After adjustment	Before adjustment	Amount adjusted	After adjustment
Administrative expenses	496,931,743.04	-210,977,773.13	285,953,969.91	209,439,736.74	-90,459,548.26	118,980,188.48
R&D expenses		210,977,773.13	210,977,773.13		90,459,548.26	90,459,548.26

(2) Change of significant accounting estimates

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

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	1 Yuan/M ² to 15 Yuan /M ²

2. Preferential tax and approval documents

The Company and its subsidiary Zhongke Meiling Cryogenics Technology Limited Company were

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

The subsidiary Sichuan Changhong Air-conditioner Co., Ltd. has passed the review for high-tech enterprise certification on December 8, 2016, which is valid for three years. And continues to enjoy the 15% income tax rare for State Hi-Tech Enterprise

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 1st year to 2nd year, the income tax shall be exempted, levy income tax based on half of the statutory rates from the 3rd year to 5th 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, which is valid for three years. And enjoy the 15% income tax rare for State Hi-Tech Enterprise

The subsidiary Hefei Meiling Nonferrous Metal Products Co., Ltd. has passed the qualification of high-tech enterprise certification on 26 Oct. 2018 (Certification No.:GR201834001779), which is valid for three years. And enjoy the 15% enterprise income tax rare for State Hi-Tech Enterprise

VI. Notes to the major items in the consolidated financial statements

With respect to the financial statements figures disclosed below, unless otherwise specified, “year-beginning” refers to Jan. 1, 2018; “year-end” refers to Dec. 31, 2018; “the year” refers to Jan. 1 to Dec. 31, 2018; “the

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last year” refers to Jan. 1 to Dec. 31, 2017; the currency is RMB.

1.Monetary fund

Item	Balance at year-end	Balance at year-begin
Cash	28,650.21	43,454.93
Bank deposit	4,029,892,318.85	4,600,242,944.53
Other Monetary fund	566,156,588.34	682,795,388.58
Total	4,596,077,557.40	5,283,081,788.04
Including: total amount deposited in overseas	13,722,335.29	16,015,873.59

Other monetary fund:

Item	Ending amount
Cash deposit	557,255,760.45
Account of foreign currency for verification	6,114,884.47
Union Pay online	1,530,036.79
Taobao account	1,255,906.63
Total	566,156,588.34

Cash deposit which serves as non cash and cash equivalents refers to the banking acceptance draft deposit with a term of over three months, amounting to RMB 99,141,504.99, the amount restricted for used in managed account was RMB11,542,030.82; the cash deposit for L/C from Municipal utilities administration of Feng feng Mining District, Handan City was RMB 500,833.66. China Union Pay, Taobao account and Ten Pay are all third party payment platforms. Except for the deposit of RMB 250,000.00, utilization of other balance is not subject to any restriction.

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

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

Item	Balance at year-end	Balance at year-begin
Tradable financial assets	9,253,635.59	15,646,731.48
Including: Derivative financial assets	9,253,635.59	15,646,731.48

Derivative financial assets refers to the RMB forward exchange fund in the year

3.Note receivable and account receivable

Item	Balance at year-end	Balance at year-begin
Note receivable	2,387,830,887.74	2,074,648,484.36
Account receivable	1,670,988,644.76	1,780,416,509.02
Total	4,058,819,532.50	3,855,064,993.38

3.1Note receivable

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(1) Category of note receivable

Item	Balance at year-end	Balance at year-begin
Bank acceptance	2,143,384,546.78	1,865,540,158.79
Trade acceptance	244,446,340.96	209,108,325.57
Total	2,387,830,887.74	2,074,648,484.36

(2) Notes receivable already pledged by the Company at the end of the period

Item	Amount pledge at year-end
Bank acceptance	655,399,922.44

Note: with purpose of improving the note utilization, the Company draw up bank acceptance by pledge parts of the outstanding notes receivable to the bank. Pledge of the note receivable found more in 53. Assets with ownership or the right to use restricted in VI.

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

Item	Amount derecognition at year-end	Amount without derecognition at year-end
Bank acceptance	2,977,154,673.65	
Trade acceptance	515,905,705.13	
Total	3,493,060,378.78	

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

3.2 Account receivable

(1) Category of account receivable

Category	Ending amount				Book value
	Book balance		Bad debt provision		
	Amount	Ratio	Amount	Ratio	
Account receivable with single significant amount and withdrawal single item bad debt provision					
Account receivable withdrawal bad debt provision by combination					
Combination 1	777,954,849.92	44.73%	45,585,909.49	5.86%	732,368,940.43
Combination 2	929,208,927.34	53.43%			929,208,927.34
Combination Subtotal	1,707,163,777.26	98.16%	45,585,909.49	2.67%	1,661,577,867.77
Account receivable with single minor amount but withdrawal single item bad debt provision	32,057,190.91	1.84%	22,646,413.92	70.64%	9,410,776.99
Total	1,739,220,968.17	100.00%	68,232,323.41	3.92%	1,670,988,644.76

(Continued)

Category	Opening amount
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	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
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
Combination Subtotal	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
Total	1,848,699,099.27	100.00%	68,282,590.25	3.69%	1,780,416,509.02

1) Account receivable with single significant amount and withdrawal bad debt provision separately at period end:

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

Account age	Balance at year-end		
	Account receivable	Bad debt provision	Provision ratio
Within one year	730,176,485.08	36,508,824.25	5.00%
1-2 years	42,655,826.93	6,398,374.04	15.00%
2-3 years	1,838,777.09	643,571.98	35.00%
3-4 years	2,661,420.50	1,463,781.28	55.00%
4-5 years	339,882.54	288,900.16	85.00%
Over 5 years	282,457.78	282,457.78	100.00%
Total	777,954,849.92	45,585,909.49	

3) Account receivable without bad debt provision withdrawal in combination 2

Combination	Book balance
Connected amount between related parties	693,467,089.57
Account receivable already insured	175,942,330.94
L/C	59,799,506.83
Total	929,208,927.34

4) Account receivable with single minor amount but withdrawal bad debt provision singly, refers to the minor single receivables, and withdrawal bad debt provision by combination shows no risk characteristic of the receivables, 19 clients involved.

(2) Bad debt reserve provided for, reversed (or recovered) during this year

Bad debt reserve written off this period was RMB 2,225,353.98, and the bad debt reserve reversed this period was RMB 2,275,620.82. No trade receivables written-off in previous year was recovered this period.

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(3) No account receivable actually written-off in the year.

(4) Pledge of the account receivable at year-end can be found in 53. Assets with ownership or the right to use restricted in VI.

(5) In the period, top five receivables collected by arrears party amounting to RMB 951,783,244.16 in total, accounted for 54.72% of the receivables at balance of the period-end, the bad debt provision accrual correspondingly amounting to RMB 16,342,050.03 at period-end balance.

4. Accounts paid in advance

(1) Age of account paid in advance

Item	Ending amount		Opening amount	
	Amount	Ratio	Amount	Ratio
Within one year	77,433,864.54	89.85%	191,934,459.26	95.92%
1-2 years	4,345,186.02	5.05%	5,283,741.30	2.64%
2-3 years	2,115,459.14	2.45%	2,377,113.61	1.19%
Over 3 years	2,285,949.56	2.65%	510,902.42	0.25%
Total	86,180,459.26	100.00%	200,106,216.59	100.00%

(2) Top 5 of account paid in advance in balance at period-end amounting to RMB 49,661,318.93, accounted for 57.62% of the account.

5. Other account receivable

Item	Balance at year-end	Balance at year-begin
Interest receivable	2,653,712.36	4,692,303.18
Other account receivable	59,475,861.81	64,358,959.73
Total	62,129,574.17	69,051,262.91

5.1 Interest receivable

(1) Category of interest receivable

Item	Balance at year-end	Balance at year-begin
Interest receivable from time deposit	1,892,948.46	4,692,303.18
Income receivable from financial products	760,763.90	
Total	2,653,712.36	4,692,303.18

(2) Major overdue interest: nil

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5.2 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	33,540,656.32	52.11%	4,861,209.84	14.49%	28,679,446.48
Combination 2	30,796,415.33	47.84%			30,796,415.33
Combination Subtotal	64,337,071.65	99.95%	4,861,209.84	7.56%	59,475,861.81
Other account receivable with single minor amount but withdrawal single item bad debt provision	30,000.00	0.05%	30,000.00	100.00%	
Total	64,367,071.65	100.00%	4,891,209.84	7.60%	59,475,861.81

(Continued)

Category	Opening 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	15,360,536.87	22.77%	2,839,700.68	18.49%	12,520,836.19
Combination 2	51,838,123.54	76.83%			51,838,123.54
Combination Subtotal	67,198,660.41	99.60%	2,839,700.68	4.23%	64,358,959.73
Other account receivable with single minor amount but withdrawal single item bad debt provision	267,932.63	0.40%	267,932.63	100.00%	
Total	67,466,593.04	100.00%	3,107,633.31	4.61%	64,358,959.73

1) No significant other account receivable and no withdrawal bad debt provision single at year-end.

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

Account age	Balance at year-end		
	Other Account receivable	Bad debt provision	Provision ratio
Within one year	21,531,783.72	1,076,589.18	5.00%
1-2 years	7,623,542.26	1,143,531.34	15.00%
2-3 years	2,172,404.00	760,341.40	35.00%
3-4 years	703,164.26	386,740.34	55.00%
4-5 years	105,030.00	89,275.50	85.00%

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Account age	Balance at year-end		
	Other Account receivable	Bad debt provision	Provision ratio
Over 5 years	1,404,732.08	1,404,732.08	100.00%
Total	33,540,656.32	4,861,209.84	

3) Other account receivable with no withdrawal bad debt provision for combination 2

Combination	Book balance
Connected amount between related parties	1,470,228.16
Loans of employee's pretty cash	16,248,265.59
Export rebate and other refundable tax	12,524,216.47
Pre-paid charge of the employee	553,705.11
Total	30,796,415.33

4) The other account receivable with major amount at year-end and accrual for bad debt provision single refers to the receivable amount of 30,000.00 Yuan from Chengdu Rongcheng Agricultural Tech. Co., Ltd.,

(2) Reversal (or withdraw) of reserve for bad debts in the Year

Bad debt provision accrual in the year amounted as 2,051,509.16 Yuan, collected bad debt provision of 267,932.63 Yuan in the year

(3) No actual verification of other receivables in the year

(4) Classification of other accounts receivable according to the nature of account

Nature	Ending book balance	Opening book balance
Export rebate and other refundable tax	12,524,216.47	35,017,055.24
Loans of employee's pretty cash	16,248,265.59	15,747,553.42
Cash deposit	32,292,605.75	13,548,566.97
Other	1,278,050.57	2,079,902.53
Related party not in consolidation statement	1,470,228.16	657,720.80
Advance money temporary	553,705.11	415,794.08
Total	64,367,071.65	67,466,593.04

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

Name	Nature	Balance at year-end	Account age	Proportion in total other receivables at year-end	Balance of bad debt provision at year-end
SAT of Hefei Economic & Technological Development Zone	Export rebates and other rebates	12,294,910.68	Within 1 year	19.10%	
Development & Reform Bureau of Wangdu County	Performance bond	8,500,000.00	Within 1 year	13.21%	425,000.00

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Name	Nature	Balance at year-end	Account age	Proportion in total other receivables at year-end	Balance of bad debt provision at year-end
Office of the Beijing Pinggu District New Socialist Countryside Construction	Performance bond	3,500,000.00	1-3 years	5.44%	625,000.00
Development & Reform Bureau of Anguo City	Performance bond	2,100,000.00	Within 1 year	3.26%	105,000.00
New rural construction service center of Tongzhou District, Beijing	Guarantee money	1,403,038.00	Within 1 year	2.18%	70,151.90
Total		27,797,948.68		43.19%	1,225,151.90

(6) No other account receivable involved government subsidies at year-end.

(7) No other receivables terminated recognition due to the transfer of financial assets at year-end.

(8) No assets and liability transfer other receivables and continues to involve at year-end.

6. Inventories

(1) Classification of inventories

Item	Ending amount		
	Book balance	Impairment provision	Book value
Raw materials	143,684,247.48	12,759,205.28	130,925,042.20
Stock commodities	1,735,811,082.70	111,451,370.33	1,624,359,712.37
Low value consumable articles	9,282,634.55	300,940.36	8,981,694.19
Goods in transit	273,895,754.50	975,168.15	272,920,586.35
Goods-in-process	7,262,896.05		7,262,896.05
Engineering construction	70,933,181.87		70,933,181.87
Deferred expense for mould	59,053,460.64		59,053,460.64
Total	2,299,923,257.79	125,486,684.12	2,174,436,573.67

(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 mould	51,589,864.83		51,589,864.83
Total	3,025,097,014.51	106,996,364.24	2,918,100,650.27

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(2) Inventory falling price reserves

Item	Opening amount	Increased in the Year	Decreased in the Year		Ending amount
			Switch-back	Other switch-out	
Raw materials	4,238,458.01	8,520,747.27			12,759,205.28
Stock commodities	99,568,255.11	26,370,962.51		14,487,847.29	111,451,370.33
Goods in transit	2,888,710.76	1,353,328.36		3,266,870.97	975,168.15
Low value consumable articles	300,940.36				300,940.36
Total	106,996,364.24	36,245,038.14		17,754,718.26	125,486,684.12

(3) Provision for inventories

Item	Specific basis for determining of net realizable value	Reasons for the Switch-back or conversion in the year
Raw materials	Cost is higher than net realizable value (The processed products are decline)	
Stock commodities	Cost is higher than net realizable value (The market price at year-end fell)	
Goods in transit	Cost is higher than net realizable value (The market price at year-end fell)	
Goods-in-process	Cost is higher than net realizable value (The processed products are decline)	

7. Non current assets due within one year

Item	Balance at year-end	Balance at year-begin	Nature
Time deposits due within one year		44,497,902.00	定期存款重分类

8. Other current assets

Item	Balance at year-end	Balance at year-begin	Nature
Financial products	1,110,000,000.00	620,000,000.00	Bank financial products
Value-added tax to be deducted	62,040,151.40	166,730,091.15	Reclassify of value-added tax to be deducted
Advance payment of income tax	12,057,771.72	15,071,202.22	Reclassify of advance payment of income tax
Finance lease un-recognized	589,033.84	93,637.60	Finance lease un-recognized
Total	1,184,686,956.96	801,894,930.97	

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9. Finance asset available for sales

(1) Finance asset available for sales

Item	Balance at year-end			Balance at year-begin		
	Book balance	Impairment loss	Book value	Book balance	Impairment loss	Book value
Equity instrument available for sales	45,000,000.00		45,000,000.00	31,000,000.00		31,000,000.00
Including: measured by cost	45,000,000.00		45,000,000.00	31,000,000.00		31,000,000.00
Total	45,000,000.00		45,000,000.00	31,000,000.00		31,000,000.00

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

Invested enterprise	Year-beginning	Increased in the Year	Decreased in the Year	Year-end	Invested enterprise Shareholding ratio	Cash bonus in the year
Huishang Bank Co., Ltd.	5,000,000.00			5,000,000.00	0.0972%	268,439.33
Sichuan Hongyun New it Investment Fund	26,000,000.00	14,000,000.00		40,000,000.00	16.00%	
Total	31,000,000.00	14,000,000.00		45,000,000.00		268,439.33

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

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10. Long-term equity investment

Invested enterprise	Balance at year-begin	Changes in the year								Balance at year-end	Ending balance of impairment
		Additio nal investm ent	Disinvest ment	Investment profit and loss confirmed by equity method	Other comprehen sive income adjustment	Other changes of equity	Declaration of cash dividends or profits	Provisio n for impair ment	Other		
Associated companies											
1.ChanghongRuba ElectricCompany(Private)Ltd. ^{note 1}	27,930,634.94			-15,129,056.84	-3,751,882.47					9,049,695.63	
2.Hefei Xingmei Assets Management Co., Ltd.	10,696,982.04			-1,276,882.77						9,420,099.27	
3.Sichuan Zhiyijia Network Technology Co., Ltd. ^{note 2}	10,695,570.98			-6,713,204.21						3,982,366.77	
4.Hongyuan Ground Energy Heat Tech. Co., Ltd. ^{note 3}	21,144,973.09			2,003,963.45						23,148,936.54	
5.Sichuan Tianyou Guigu Technology Co., Ltd. ^{note 4}	8,448,865.51			-1,337,911.44						7,110,954.07	
6.Chengdu Guigu Environmental Tech. Co., Ltd. ^{note 5}	11,617,645.36			-2,460,257.09						9,157,388.27	
7.Hefei Meiling Solar Energy Technology Co., Ltd. ^{note 6}				1,555,700.00			-1,555,700.00				
Total	90,534,671.92			-23,357,648.90	-3,751,882.47		-1,555,700.00			61,869,440.55	

Note 1: 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

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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%.

Note 3: 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.

Note 4: 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 RMB 25 million in cash, accounting for 25% of the registered capital. Chengdu Jiaodao Property Development Company made capital contribution of RMB 20 million, accounting for 20% of the registered capital. Chengdu Southwest Jiaotong University Industry (Group) Co., Ltd made capital contribution of RMB 20 million, accounting for 20% of the registered capital. Mianyang Investment Holding (Group) Co., Ltd made capital contribution of RMB 5 million, accounting for 5% of the registered capital. Shanghai Zhongcheng Xindaya Financial Information Service Co., Ltd made capital contribution of RMB 5 million, accounting for 5% of the registered capital. Jiangsu Runye Investment Co., Ltd made capital contribution of RMB 10 million, accounting for 10% of the registered capital. Chengdu Dongyu Shangmao Co., Ltd made capital contribution of RMB 15 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.

Note 5: 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 RMB 10 million, accounting for 25% of the registered capital. Chengdu Jiaodao Property Development Company made capital contribution of RMB 8 million, accounting for 20% of the registered capital. Chengdu Southwest Jiaotong University Industry (Group) Co., Ltd made capital contribution of RMB 8 million, accounting for 20% of the registered capital. Mianyang Investment Holding (Group) Co., Ltd made capital contribution of RMB 2 million, accounting for 5% of the registered capital. Shanghai Zhongcheng Xindaya Financial Information Service Co., Ltd made capital contribution of RMB 2 million, accounting for 5% of the registered capital. Sichuan Shuye Jiachen Property Development Company made capital contribution of RMB 4 million, accounting for 10% of the registered capital. Chengdu Dongyu Shangmao Co., Ltd made capital contribution of RMB 6 million, accounting for 15% of the registered capital.

note 6: .Hefei Meiling Solar Energy Technology Co., Ltd. was incorporated on 18 April 2002 with registered capital of RMB 10 million. Subsidiary Meiling Group invested 3.1114 million Yuan, accounting for 31.114% of the registered capital; Hefei Huayi Investment Co., Ltd. Invested 4.972 million Yuan, accounting for 49.72% of the registered capital; and Hefei Xingtai Assets Management Co., Ltd contributed 1.9166 million Yuan, accounting for 19.166% of the registered capital

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11. Investment real estate

(1) Investment real estate measured at costs

Item	House and buildings	Land use rights	Total
I. Original book value			
1. Balance at year-begin	17,630,687.27	916,691.38	18,547,378.65
2. Increased in the Year	36,588,767.51	2,495,156.62	39,083,924.13
(1) fixed assets\intangible assets transfer-in	36,588,767.51	2,495,156.62	39,083,924.13
3. Decreased in the Year			
4. Balance at year-end	54,219,454.78	3,411,848.00	57,631,302.78
II. Accumulated depreciation and accumulated amortization			
1. Balance at year-begin	8,484,500.32	493,166.61	8,977,666.93
2. Increased in the Year	1,759,958.62	47,169.82	1,807,128.44
(1) Provision or amortization	1,254,818.20	38,368.56	1,293,186.76
(2) fixed assets\intangible assets transfer-in	505,140.42	8,801.26	513,941.68
3. Decreased in the Year			
4. Balance at year-end	10,244,458.94	540,336.43	10,784,795.37
III. Impairment loss			
IV. Book value			
1. Ending book value	43,974,995.84	2,871,511.57	46,846,507.41
2. Opening book value	9,146,186.95	423,524.77	9,569,711.72

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

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

(4) Investment real estate without property certification held

Item	Book value	Reasons for failing to complete property rights certificate
Workshop	23,435,026.46	In processing

12. Fixed assets

Item	Balance at year-end	Balance at year-begin
Fixed assets	1,658,081,495.03	1,439,427,226.50
Disposal of fixed assets	75,875,517.11	75,875,517.11
Total	1,733,957,012.14	1,515,302,743.61

12.1 Fixed assets

(1) Fixed assets

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Item	House and buildings	Machinery equipment	Transport equipment	Other equipment	Total
I. Original book value					
1. Balance at year-begin	1,092,010,409.02	1,081,570,708.11	27,344,234.00	181,348,892.73	2,382,274,243.86
2. Increased in the Year	135,368,003.96	278,096,221.37	6,397,029.58	20,341,072.03	440,202,326.94
(1) Purchase	5,889,836.19	18,857,019.94	3,626,934.51	7,623,938.69	35,997,729.33
(2) Construction in progress transfer-in	129,478,167.77	259,239,201.43	2,770,095.07	12,717,133.34	404,204,597.61
3. Decreased in the Year	37,163,698.09	91,988,295.64	2,665,755.68	7,854,204.36	139,671,953.77
(1) dispose or retirement	574,930.58	74,726,250.25	1,815,974.56	7,462,134.99	84,579,290.38
(2) Construction in progress transfer-in		17,262,045.39			17,262,045.39
(3) Transfer to investment real estate	36,588,767.51				36,588,767.51
(4) Decreased for change of foreign rate			849,781.12	392,069.37	1,241,850.49
4. Balance at year-end	1,190,214,714.89	1,267,678,633.84	31,075,507.90	193,835,760.40	2,682,804,617.03
II Accumulated depreciation					
1. Balance at year-begin	208,509,025.48	640,697,645.00	16,325,523.72	75,125,831.69	940,658,025.89
2. Increased in the Year	35,706,144.99	108,901,986.31	2,423,953.53	10,032,153.42	157,064,238.25
(1) Provision	35,706,144.99	108,901,986.31	2,423,953.53	10,032,153.42	157,064,238.25
3. Decreased in the Year	766,719.95	69,816,915.99	2,110,822.82	2,414,134.19	75,108,592.95
(1) dispose or retirement	261,579.53	60,121,262.30	1,627,493.65	2,194,134.19	64,204,469.67
(2) Construction in progress transfer-in		9,695,653.69			9,695,653.69
(3) Transfer to investment real estate	505,140.42				505,140.42
(4) Decreased for change of foreign rate			483,329.17	220,000.00	703,329.17
4. Balance at year-end	243,448,450.52	679,782,715.32	16,638,654.43	82,743,850.92	1,022,613,671.19
III. Impairment loss					
1. Balance at year-begin		1,981,900.10	7,403.67	199,687.70	2,188,991.47
2. Increased in the Year					
3. Decreased in the Year		72,136.99	7,403.67		79,540.66
(1) dispose or retirement		72,136.99	7,403.67		79,540.66
4. Balance at year-end		1,909,763.11		199,687.70	2,109,450.81
IV. Book value					
1. Ending book value	946,766,264.37	585,986,155.41	14,436,853.47	110,892,221.78	1,658,081,495.03
2. Opening book value	883,501,383.54	438,891,163.01	11,011,306.61	106,023,373.34	1,439,427,226.50

The new fixed assets in this year mainly due to the RMB404,204,597.61 transfer from construction in process; decrease of the fixed assets in the Year mainly including the investment real estate transfer-in,

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renewal of the assets transfer to construction in progress and assets dispose for retirement

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

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

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

Item	Original book value	Accumulated depreciation	Impairment loss	Net book value
Machinery equipment	3,433,033.03	407,672.67		3,025,360.36

(5) No fixed assets leased through operating lease at year-end.

Item	Original book value	Accumulated depreciation	Impairment loss	Net book value
House and buildings	32,604,281.97	5,013,710.27		27,590,571.70
Machinery equipment	17,281,747.30	11,536,893.89		5,744,853.41
Other equipment	1,632,648.51	456,867.68		1,175,780.83
Transport equipment	197,640.00	187,758.00		9,882.00
Total	51,716,317.78	17,195,229.84		34,521,087.94

(6) Fixed assets without property certificate

Item	Book value	Reason of not complete the property certificate
Canteen	2,716,313.94	In procedure
freezer salvage station	349,166.88	In procedure
Freezer subsidiary station	4,165,499.83	In procedure
3# makeshift shelter	5,689,907.18	In procedure
5# makeshift shelter	5,140,247.60	In procedure
8# makeshift shelter	5,178,824.74	In procedure
6# building for skeleton staff	8,930,447.86	In procedure
7# building for skeleton staff	8,215,215.45	In procedure
4# makeshift shelter (dormitory building transfer to capital)	6,651,069.97	In procedure
Big refrigerator- 3# Workshop	93,571,298.89	In procedure
Big refrigerator -3# finished warehouse	50,085,022.01	In procedure
Freezer- 7# Workshop inspection room	233,741.56	In procedure
II canteen of living area	26,029,822.03	In procedure
Hot water room for living area	2,914,385.29	In procedure
Comprehensive building	14,211,331.37	In procedure
Workshop	42,747,573.98	In procedure
Total	276,829,868.58	

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

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12.2 Disposal of fixed assets

Item	Ending amount	Opening amount	Reasons for disposal transferred
Relevant assets disposal for reserved lands	75,875,517.11	75,875,517.11	Relocation for land reserve

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

Pursuant to the urban planning requirements of Hefei Municipal Government and the Government of Feidong county, the land reserve center of Feidong county will purchase and store the land use right of an economic development zone located at Feidong county, Hefei city, which is owned by the Company's subordinate companies, Equator Electric and Equator Home Appliance, respectively, with an area of 19,245.09 sq.m. (Approximately 28.87 mu, Land Use Right Certificate No.: Dong Guo Yong (2008) No. 0366, the stated use of the land is for industrial purpose) and an area of 46,161.9 sq.m. (Approximately 69.24 mu, Land Use Right Certificate No.: Dong Guo Yong (2008) No. 0367, the stated use of the land is for industrial purpose). The total consideration for purchasing and storage is approximately RMB36 million, of which the consideration for the land use right owned by Equator Electric and Equator Home Appliance is approximately RMB10.59 million and RMB25.41 million, respectively. The Company has completed the relocation of occupants of the premises, and the net fixed assets in relation to the land will transfer as disposal, accounting treatment will be conduct in line with relevant rules upon receiving of the relocation compensation.

No impairment of relevant assets disposal for reserved lands at year-end.

13. Construction in progress

Item	Balance at year-end	Balance at year-begin
Construction in progress	464,558,352.60	174,857,717.15

13.1 Construction in progress

(1) Details of construction in progress

Item	Ending amount			Opening amount		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Changhong Air Conditioner-relocation of production base and upgrading & expansion	320,579,598.28		320,579,598.28	44,191,093.23		44,191,093.23
Construction of washing machine plant	54,004,325.69		54,004,325.69	469,104.32		469,104.32
Construction of intelligent manufacturing	31,389,804.22		31,389,804.22	30,302,738.39		30,302,738.39
Other petty projects	15,562,870.33		15,562,870.33	12,711,740.78		12,711,740.78

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Item	Ending amount			Opening amount		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Jiangxi Meiling – construction of the production line for producing one million energy-saving smart refrigeration annually	5,065,550.61		5,065,550.61	71,086,744.70		71,086,744.70
Construction of laboratory (inspection center)	4,847,375.61		4,847,375.61	5,735,299.39		5,735,299.39
Technical transformation project of Zhongshan Changhong	4,119,899.02		4,119,899.02			
Temperature control project of the manufacturing Company of big refrigerator	4,084,254.68		4,084,254.68			
Project of the application of MES system during manufacturing	3,545,478.16		3,545,478.16			
Upgrade project for the production line of Mianyang Meiling Intelligent Refrigerator	3,322,079.08		3,322,079.08	338,293.66		338,293.66
Capacity enlargement and technology improvement project for Air-conditioner Company	3,188,095.36		3,188,095.36	236,439.90		236,439.90
Improvement for the double-gun injection of line J	2,951,970.77		2,951,970.77			
Reform project of the EPS house of the Company	2,826,825.99		2,826,825.99	1,244,713.14		1,244,713.14
Production efficiency improvement project of the Line C for the overseas Refrigerator Manufacture Company	2,112,500.01		2,112,500.01			
Project of cancel spraying for the side panel of refrigerator's door	2,021,643.02		2,021,643.02			
Line modification for R290	1,769,230.77		1,769,230.77	1,769,230.77		1,769,230.77
Reform of the overseas air patenting line; project of cabinet foam line for Line D	1,750,000.00		1,750,000.00			
Equipment to be installed	1,416,851.00		1,416,851.00	373,222.76		373,222.76
Reform of the production for big refrigerator in Line J				3,128,583.30		3,128,583.30
Replacement of the dry & wet parts for door foaming line				2,050,427.36		2,050,427.36
PUR glue water project				1,220,085.45		1,220,085.45
Total	464,558,352.60		464,558,352.60	174,857,717.15		174,857,717.15

(2) Changes in significant construction in progress

Projects	Book balance at period-begin	Increase during the period	Transfer to fixed assets in the period	Other decrease	Book balance at period-end	Source of funds
Construction of laboratory (inspection center)	5,735,299.39	45,815,451.06	46,703,374.84		4,847,375.61	Raise funds

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Projects	Book balance at period-begin	Increase during the period	Transfer to fixed assets in the period	Other decrease	Book balance at period-end	Source of funds
Construction of washing machine plant	469,104.32	53,535,221.37			54,004,325.69	Self-raised
Construction of intelligent manufacturing	30,302,738.39	76,887,913.14	75,619,194.16	181,653.15	31,389,804.22	Raise funds
Changhong Air Conditioner-relocation of production base and upgrading & expansion	44,191,093.23	278,321,673.07	1,933,168.02		320,579,598.28	Self-raised
Jiangxi Meiling – construction of the production line for producing one million energy-saving smart refrigeration annually	71,086,744.70	95,382,069.86	157,914,139.37	3,489,124.58	5,065,550.61	Self-raised

(Continued)

Projects	Budget (in 10 thousand Yuan)	Proportion of project investment in budget	Progress	Accumulated amount of interest capitalization	including: interest capitalized amount of the period	Interest capitalization rate of the period
Construction of laboratory (inspection center)	10,748.00	56.15%	80.00%			
Construction of washing machine plant	37,121.00	60.56%	65.00%			
Construction of intelligent manufacturing	26,128.00	67.37%	82.00%			
Changhong Air Conditioner-relocation of production base and upgrading & expansion	84,791.01	38.04%	80.00%	2,570,143.02	2,570,143.02	
Jiangxi Meiling – construction of the production line for producing one million energy-saving smart refrigeration annually	20,960.00	95.00%	100.00%			

(2) No impairment occurred for construction in progress at year-end

14. Intangible assets

(1) According to intangible assets item

Item	Land use right	Trademark special right	Non-patent technology	Other	Total
I. Original book value					
1. Balance at year-begin	752,955,269.99	283,292,439.34	266,108,731.03	4,332,185.55	1,306,688,625.91
2. Increased in the Year	107,683.47		125,101,501.65	1,978,180.28	127,187,365.40

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Item	Land use right	Trademark special right	Non-patent technology	Other	Total
(1) Purchase	107,683.47			363,961.76	471,645.23
(2) Internal research			125,101,501.65	1,614,218.52	126,715,720.17
3. Decreased in the Year	2,823,174.45			425,641.02	3,248,815.47
(1) Disposal				425,641.02	425,641.02
(2) Transfer to investment real estate	2,495,156.62				2,495,156.62
(3) Other decreased	328,017.83				328,017.83
4. Balance at year-end	750,239,779.01	283,292,439.34	391,210,232.68	5,884,724.81	1,430,627,175.84
II. Accumulated depreciation					
1. Balance at year-begin	128,984,031.92	274,842,191.09	129,826,848.10	181,932.39	533,835,003.50
2. Increased in the Year	15,806,881.62	3,882,886.80	58,730,052.80	882,390.02	79,302,211.24
(1) Provision	15,806,881.62	3,882,886.80	58,730,052.80	882,390.02	79,302,211.24
3. Decreased in the Year	8,801.26			81,196.58	89,997.84
(1) Disposal				81,196.58	81,196.58
(2) Transfer to investment real estate	8,801.26				8,801.26
4. Balance at year-end	144,782,112.28	278,725,077.89	188,556,900.90	983,125.83	613,047,216.90
III. Impairment loss					
IV. Book value					
1. Ending book value	605,457,666.73	4,567,361.45	202,653,331.78	4,901,598.98	817,579,958.94
2. Opening book value	623,971,238.07	8,450,248.25	136,281,882.93	4,150,253.16	772,853,622.41

The intangible assets resulted from internal research takes 8.86% of the balance of intangible assets at year-end

(2) No land use right without property certification done at year-end

(3) up to end of the 2018, mortgage of intangible assets is as follows:

Name	Property certificate serials	Area(M ²)	Net book value	Note
Land use right	HGYJCZi No.: 0121	27,120.22	18,908,720.29	

15. Development expense

Item	Balance at year-begin	Increased in the Year		Decreased in the Year			Balance at year-end
		Internal development expenditure	Other	Included in current profits and losses	Confirmed as intangible assets	Other	
Technology development for Air-conditioner	61,188,711.14	82,469,846.22		3,145,950.06	90,152,425.38		50,360,181.92
Technology development for refrigerator	23,782,085.92	67,152,236.49			33,550,668.69		57,383,653.72

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Item	Balance at year-begin	Increased in the Year		Decreased in the Year			Balance at year-end
		Internal development expenditure	Other	Included in current profits and losses	Confirmed as intangible assets	Other	
Other technology development	653,281.73	2,826,475.33			3,012,626.10		467,130.96
Total	85,624,078.79	152,448,558.04		3,145,950.06	126,715,720.17		108,210,966.60

16. Goodwill

(1) Original value of goodwill

Invested enterprise	Balance at year-begin	Increased in the Year		Decreased in the Year		Balance at year-end
		Formation from enterprise merger	Other	Formation from enterprise merger	Other	
Hefei Meiling Group Holdings Limited	3,553,367.77					3,553,367.77
Guangxi Huidian Home Appliance Co., Ltd.	5,313,913.50					5,313,913.50
Total	8,867,281.27					8,867,281.27

(2) Goodwill Impairment loss

Invested enterprise	Balance at year-begin	Increased in the Year		Decreased in the Year		Balance at year-end
		Provision	Other	Provision	Other	
Hefei Meiling Group Holdings Limited	3,553,367.77					3,553,367.77
Guangxi Huidian Home Appliance Co., Ltd.	5,313,913.50					5,313,913.50
Total	8,867,281.27					8,867,281.27

Note: at the period-end, the Company conducted impairment test on goodwill, and provided for impairment reserve in connection with the difference between the predicted future cash flow of the invested and the group of assets including the goodwill. The recoverable amount is based on the predicted future cash flow of the invested.

17. Long-term deferred expenses

Item	Balance at year-begin	Increased in the Year	Amortization during the period	Other decrease during the period	Balance at year-end
Relocation of the intelligent manufacturing plant	3,635,861.94		3,635,861.94		

18. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets without the offset

Item	Balance at year-end		Balance at year-begin	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deferred income tax assets recognized from	163,800,143.96	25,443,182.41	131,024,120.50	20,010,586.00

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Item	Balance at year-end		Balance at year-begin	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
property depreciation preparation				
Deferred income tax assets recognized from accrual liability	266,641,323.73	39,996,198.56	313,013,878.20	46,952,081.73
Deferred income tax assets recognized from Dismission welfare	23,369,410.19	3,505,411.53	29,851,081.96	4,477,662.29
Deferred income tax assets recognized from deferred income	113,016,902.89	16,952,535.44	49,566,302.74	7,456,073.25
Deferred income tax assets recognized from ir-reparable losses	125,576,447.96	18,836,467.19	75,254,272.72	11,409,917.37
Deferred income tax assets recognized from changes in the fair value	46,033,136.96	6,904,970.53	387,268.52	58,090.28
Accrued income tax assets	3,765,940.62	564,891.09	2,164,484.73	324,672.71
Total	742,203,306.31	112,203,656.75	601,261,409.37	90,689,083.63

(2) Deferred income tax liabilities without the offset

Item	Balance at year-end		Balance at year-begin	
	Taxable temporary differences	Deferred income tax liability	Taxable temporary differences	Deferred income tax liability
Recognized by fixed assets depreciation	20,657,994.05	3,098,699.11		

(3) Details of unrecognized deferred income tax assets

Item	Balance at year-end	Balance at year-begin
Deductible temporary difference	44,702,678.05	49,551,458.77
Deductible loss	487,578,430.48	438,730,245.37
Total	532,281,108.53	488,281,704.14

19.Short-term loans

(1)Category of short-term loans

Category	Balance at year-end	Balance at year-begin
Loan in pledge	199,260,520.00	266,980,000.00
Guaranteed loan	9,200,000.00	374,226,000.00
Loan in credit	1,876,648,262.82	990,000,000.00
Bill financing	251,265,146.80	
Total	2,336,373,929.62	1,631,206,000.00

New loans in the period:

1) The Company entered into a Contract for Loan with Hefei Branch of CMBC with 12 months in terms since the date actually received the funds. The Company withdrawal loans on 13 June 2018, term of borrowing from 13 June 2018 to 13 June 2019. Fixed annual rate of 4.5%, the loan amount is 100,000,000.00 Yuan.

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2) The Company entered into a Liquidity Loan Contract with Shouchun Branch of Bank of Communications with 12 months in terms since the date actually received the funds. The Company withdrawal loans on 31 August 2018, term of borrowing from 31 August 2018 to 11 March 2019. Fixed annual rate of 4.35%, the loan amount is 250,000,000.00 Yuan.

3) The Company entered into a Liquidity Loan Contract with economic & technological development zone Branch of Bank of China with 12 months in terms since the date actually received the funds. The Company withdrawal loans on 14 September 2018, term of borrowing from 14 September 2018 to 13 September 2019. Fixed annual rate of 4.35%, the loan amount is 50,000,000.00 Yuan.

4) The Company entered into a Perfect Loan Agreement with Hefei Branch of China Zheshang Bank with 3 months in terms. Terms of borrowing from 21 November 2018 to 20 February 2019. Fixed annual rate of 4.5675%, the loan amount is 100,000,000.00 Yuan.

5) The Company entered into a RMB Liquidity Loan Contract with Hefei Luyang Branch of China Construction Bank with one year in terms. Terms of borrowing from 24 April 2018 to 23 April 2019. Fixed annual rate of 4.7%, the loan amount is 100,000,000.00 Yuan.

6) The Company entered into a RMB Liquidity Loan Contract with Hefei Luyang Branch of China Construction Bank with one year in terms. Terms of borrowing from 14 May 2018 to 13 May 2019. Fixed annual rate of 4.35%, the loan amount is 100,000,000.00 Yuan.

7) The Company entered into a RMB Liquidity Loan Contract with Hefei Luyang Branch of China Construction Bank with one year in terms. Terms of borrowing from 1 March 2018 to 28 February 2019. Fixed annual rate of 4.1325%, the loan amount is 200,000,000.00 Yuan.

8) The Company entered into a Liquidity Loan Contract with Hefei Branch of Agricultural Bank of China with 12 months in terms. Terms of borrowing from 29 June 2018 to 28 June 2019. Fixed annual rate of 4.35%, the loan amount is 100,000,000.00 Yuan.

9) The Company entered into an Application for Advances Against Import Invoices (and domestic procurement financing) with Chengdu Branch Business Dept. of UOB (China) with one year in terms. Terms of borrowing from 28 September 2018 to 27 March 2019. Fixed annual rate of 4.1760%, the loan amount is 105,000,000.00 Yuan.

10) The Company entered into a Cross-Border Financing Quota Contract with Macao Branch of China Guangfa Bank with 12 months in terms. Terms of borrowing from 23 November 2018 to 22 July 2019. Fixed annual rate of 3.1%, the loan amount is USD 7,150,000.00.

11) The Company entered into a Offshore Loan Contract with Ping An Bank with 12 months in terms. Terms of borrowing from 15 November 2018 to 5 November 2019. Fixed annual rate of 3.67%, the loan amount is USD 28,000,000.00.

12) The Company entered into an Offshore Liquidity Loan Contract with Shanghai Pudong Development Bank with 12 months in terms. Terms of borrowing from 6 December 2018 to 29 November 2019. Fixed annual rate of 4.3%, the loan amount is USD 35,816,619.00.

13) The Company entered into a Maximum Pledge Contract with Hefei Branch of Huaxia Bank. Applying for short-term loans of USD 10,150,000.00 in way of note receivable factoring. Terms of borrowing from 11 May 2018 to 20 April 2019. Fixed annual rate of 2.50%.

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14) Subsidiary Sichuan Changhong Air-conditioner entered into a Liquidity Loan Contract with Mianyang Branch of ICBC with 12 months in terms. Terms of borrowing from 9 October 2018 to 6 August 2019. Fixed annual rate of 4.785%, the loan amount is 30,000,000.00 Yuan.

15) Subsidiary Sichuan Changhong Air-conditioner entered into a Liquidity Loan Contract with Mianyang Branch of ICBC with 12 months in terms. Terms of borrowing from 20 December 2018 to 12 December 2019. Fixed annual rate of 4.785%, the loan amount is 30,000,000.00 Yuan.

16) Subsidiary Sichuan Changhong Air-conditioner entered into a RMB Short-term Loans Contract with Mianyang Branch of Bank of China with 12 months in terms. Terms of borrowing from 23 November 2018 to 23 November 2019. Fixed annual rate of 4.5675%, the loan amount is 30,000,000.00 Yuan.

17) According to the appointments of Liquidity Loan Contract signed by the subsidiary Zhongke Meiling Company and the Anhui Branch of Bank of China Limited, the subsidiary Zhongke Meiling Company applied for a short-term borrowing of RMB 9,200,000.00 to the Bank of China Limited Anhui Branch by the way of guarantee, the guarantor was the Company; the borrowing period was from June 29, 2018 to June 29, 2019, it adopted a floating rate method, and every 12 months was a floating period.

18) According to the Exports Receivable Risk Participation Cooperation Agreement signed by Zhongshan Changhong Company and Zhongshan Branch of China Construction Bank Co., Ltd., the subsidiary Zhongshan Changhong Company applied for a short-term borrowing of RMB 40,000,000.00 to China Construction Bank Co., Ltd., Zhongshan Branch by the way of accounts receivable factoring, the borrowing period was from July 23, 2018 to January 18, 2019, and the borrowing rate was 4.90%.

19) According to the Cooperation Agreement on Export Receivable Risk Participation entered into by subsidiary Zhongshan Changhong Company and Zhongshan Branch of China Construction Bank, subsidiary Zhongshan Changhong applying for short-term loans of RMB39,599,040.00 in way of account receivable factoring. Terms of borrowing from 19 November 2018 to 17 May 2019. Lending rate of 4.85%.

20) According to the Comprehensive Credit Contract entered into by subsidiary Zhongshan Changhong Company and Zhongshan Branch of China Resources Bank of Zhuhai, subsidiary Zhongshan Changhong applying for short-term loans of RMB 50,000,000.00 in way of export invoice financing with 180 days in terms. Terms of borrowing from 25 October 2018 to 23 April 2019. Lending rate of 6.325%.

21) According to the Domestic Letter of Credit Forfaiting Business Contract of Huishang Bank signed by the subsidiary Jiangxi Meiling and Huishang Bank Hefei Economic Development Zone Sub-branch, the subsidiary Jiangxi Meiling applied for a short-term borrowing of RMB 100,000,000.00 to Huishang Bank Hefei Economic Development Zone Sub-branch by the way of letter of credit without recourse buyout, the borrowing period was from April 9, 2018 to April 9, 2019, and the borrowing rate was 4.65%.

22) According to the Forfeiting Business Bond Transfer Letter signed by the subsidiary Jiangxi Meiling and Bank of Jiujiang Co., Ltd., Jingdezhen Branch, the subsidiary Jiangxi Meiling applied for a short-term borrowing of RMB 94,590,163.30 to Bank of Jiujiang Co., Ltd., Jingdezhen Branch by the way of letter of credit without recourse buyout, the borrowing period was from September 12, 2018 to September 6, 2019, and the borrowing rate was 3.78%.

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

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

Item	Balance at year-end	Balance at year-begin
Tradable financial liability	55,586,666.70	16,034,000.00
Including: Derivative financial liability	55,586,666.70	16,034,000.00

21. Notes payable and account payable

Item	Balance at year-end	Balance at year-begin
Notes payable	3,727,754,399.60	4,006,765,857.99
Account payable	2,282,174,981.38	2,869,886,049.19
Total	6,009,929,380.98	6,876,651,907.18

22.1 Notes payable

Type	Balance at year-end	Balance at year-begin
Bank acceptance	3,284,348,686.53	3,421,210,611.84
Trade acceptance	443,405,713.07	585,555,246.15
Total	3,727,754,399.60	4,006,765,857.99

No notes expired at period-end without paid

22.2 Account payable

(1) Age of account payable

Item	Balance at year-end	Balance at year-begin
Total	2,282,174,981.38	2,869,886,049.19
Including: over one year	75,298,651.56	55,323,422.28

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

22. Account received in advance

(1) Account received in advance

Item	Balance at year-end	Balance at year-begin
Total	354,551,354.80	438,386,810.72
Including: over 1 year	46,153,276.08	18,668,644.77

(2) No major account received in advance with over one year age at period-end

23. Wages payable

(1) Types of wages payable

Item	Balance at year-begin	Increased in the Year	Decreased in the Year	Balance at year-end
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Item	Balance at year-begin	Increased in the Year	Decreased in the Year	Balance at year-end
Short-term compensation	171,796,192.03	1,500,763,117.87	1,516,685,227.57	155,874,082.33
After-service welfare- defined contribution plans	7,817,314.81	86,586,017.65	90,935,095.90	3,468,236.56
Dismiss welfare	5,205,660.02	5,162,343.07	6,071,694.19	4,296,308.90
Total	184,819,166.86	1,592,511,478.59	1,613,692,017.66	163,638,627.79

(2) Short-term compensation

Item	Balance at year-begin	Increased in the Year	Decreased in the Year	Balance at year-end
Wages, bonuses, allowances and subsidies	162,141,438.55	1,363,381,199.28	1,377,323,170.16	148,199,467.67
Welfare for workers and staff	203,386.00	55,735,226.80	55,736,769.80	201,843.00
Social insurance	3,557,340.38	40,488,544.26	42,106,615.96	1,939,268.68
Including: Medical insurance	3,297,243.66	36,424,544.70	37,976,757.65	1,745,030.71
Work injury insurance	98,987.95	2,790,101.52	2,760,913.37	128,176.10
Maternity insurance	161,108.77	1,273,898.04	1,368,944.94	66,061.87
Housing accumulation fund	4,128,393.08	35,546,082.14	35,988,937.93	3,685,537.29
Labor union expenditure and personnel education expense	1,765,634.02	5,612,065.39	5,529,733.72	1,847,965.69
Total	171,796,192.03	1,500,763,117.87	1,516,685,227.57	155,874,082.33

(3) Defined contribution plans

Item	Balance at year-begin	Increased in the Year	Decreased in the Year	Balance at year-end
Basic endowment insurance	6,637,301.90	83,821,259.60	87,777,956.98	2,680,604.52
Unemployment insurance	1,180,012.91	2,764,758.05	3,157,138.92	787,632.04
Total	7,817,314.81	86,586,017.65	90,935,095.90	3,468,236.56

24. Tax payable

Item	Balance at year-end	Balance at year-begin
Value-added tax	63,860,640.63	9,639,617.86
Enterprise income tax	3,112,632.27	19,295,436.64
Individual income tax	2,384,041.50	4,763,232.23
Urban maintenance and construction tax	8,430,591.08	873,061.03
House property tax	6,527,533.98	6,127,114.13
Land-use right tax	2,870,637.90	2,949,096.59
Educational surtax	6,043,987.22	679,571.16
Stamp tax	1,481,453.67	2,455,816.00
Construction fund of Water Conservancy Projects	547,748.65	1,044,508.56
Treatment fund for abandon electric & electronics products	14,421,381.00	11,579,556.00

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Item	Balance at year-end	Balance at year-begin
Other	72,784.27	1,885,661.52
Total	109,753,432.17	61,292,671.72

25. Other account payable

Item	Balance at year-end	Balance at year-begin
Interest payable	7,519,756.26	6,441,508.68
Dividend payable	17,317,286.45	2,890,364.80
Other account payable	635,483,317.55	834,285,636.00
Total	660,320,360.26	843,617,509.48

25.1 Interest payable

(1) Classification of interest payable

Item	Balance at year-end	Balance at year-begin
Interest on long-term borrowings for repayment of principal of installment maturity	166,494.25	172,254.25
Interest of short-term loans	7,353,262.01	6,269,254.43
Total	7,519,756.26	6,441,508.68

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

25.2 Dividends payable

Item	Balance at year-end	Balance at year-begin
City Insurance company	524,279.25	450,504.45
BOC-Fullgoal Tianyi Securities Investment Fund	153,697.50	153,697.50
Hefei Branch of BOC	262,139.60	225,252.20
Hefei collective industry association	262,139.20	225,251.86
Entrust Investment Wuhu of Provincial ABC	209,711.70	180,201.78
Sichuan Changhong Electric Co., Ltd.	14,082,358.08	
Other units	1,822,961.12	1,655,457.01
Total	17,317,286.45	2,890,364.80

Note: Balance at period-end refers to the common dividends that not receiving by shareholders.

25.3 Other account payable

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

Nature	Balance at year-end	Balance at year-begin
1. Accrued expenses (expenses occurred without reimbursed)	467,314,369.66	550,991,753.72
2. Receivables received temporary and deducted temporary	17,869,297.44	27,098,950.42
3. Deposit, margin	92,960,934.56	90,748,996.24
4. Not the come-and-go with related parties in statement scope	7,993,374.18	9,225,961.80

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Nature	Balance at year-end	Balance at year-begin
5. Other ^{note}	49,345,341.71	156,219,973.82
Total	635,483,317.55	834,285,636.00

Note: Other refers to the collection of account receivable buy-out under the Buy-out Agreement of Account Receivable of Huaxia Bank, the bank failed to deduct the money in time.

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

26. Non-current liability due within one year

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

Item	Balance at year-end	Balance at year-begin
Long term borrowings due within one year	250,300,000.00	32,174,400.80
Long term payable due within one year	7,000,000.00	
Deferred income transfer to gains and losses within one year	16,382,737.85	14,279,975.88
Total	273,682,737.85	46,454,376.68

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

Item of government subsidies	Opening amount	Amount reckoned into other income	Other changes	Ending amount	Assets related/Income related
Demolition compensation of Changhong Meiling	2,390,530.24	2,382,423.84	2,349,998.04	2,358,104.44	Assets related
Special funds for technical transformation of the Athena project	4,286,250.00	4,286,250.00	4,286,250.00	4,286,250.00	Assets related
Freezer project of Changhong Meiling	734,062.48	734,062.50	734,062.54	734,062.52	Assets related
Promoting the new industry (annual output of 0.6 million medium& large volume environmental protection and energy saving freezer)	304,412.48	304,412.50	304,412.54	304,412.52	Assets related
Subsidies for intelligent transformation & upgrading of enterprises from the new industrialization policy in economic development zone			605,675.00	605,675.00	Assets related
Industrialization of intelligent white household appliances software platform and typical application research and development			727,272.71	727,272.71	Assets related
Adaptability improvement on new coolants production	2,364,981.72	2,364,981.72	2,364,981.72	2,364,981.72	Assets related
Promotion of the energy-saving room air conditioner	210,309.24	210,309.24	210,309.24	210,309.24	Assets related
Research and application of the VISA (variable frequency volume	1,409,302.33	1,409,302.32	1,409,302.32	1,409,302.33	Assets related

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Item of government subsidies	Opening amount	Amount reckoned into other income	Other changes	Ending amount	Assets related/Income related
integrated intelligent air-conditioner)					
2018 Zhongshan Special fund for industrial development - Special topic of technical transformation			265,723.77	265,723.77	Assets related
Smart life and fresh life project	165,279.14	165,279.14			Assets related
Government subsidy CZ028001-technical renovation project			96,727.01	96,727.01	Assets related
Government subsidy CZ028001-subsidy in equipment renewal			61,203.83	61,203.83	Assets related
Government subsidy for new plant construction - industrialization of cryogenic refrigeration equipment	500,000.00	500,000.00	500,000.00	500,000.00	Assets related
Subsidy for equipment purchasing for Hefei Tech. Improvement project			179,160.00	179,160.00	Assets related
Equipment subsidy for the industrial base technical renovation from Economic and Information Commission			235,000.00	235,000.00	Assets related
Demolition compensation of Jiangxi Meiling	1,797,880.32	1,797,880.32	1,797,880.32	1,797,880.32	Assets related
Subsidy for the development on production line technical reform for green-friendly high-quality metal pipe	40,892.59	40,892.59	40,892.59	40,892.59	Assets related
Refrigerator evaporator workshop			29,033.05	29,033.05	Assets related
Special fund for technical improvement			42,885.25	42,885.25	Assets related
Innovation development project for the E-Business	76,075.34	76,075.30	76,075.30	76,075.34	Assets related
Government subsidy for the project of ministry of finance of science and education entrepreneurship park in Mianyang Technology Town			57,786.21	57,786.21	Assets related
Total	14,279,975.88	14,271,869.47	16,374,631.44	16,382,737.85	

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

27. Long term borrowings

(1) Classification

Category	Ending amount	Opening amount
Loan in mortgage	1,920,000.00	2,560,000.00
Loan in credit		250,600,000.00
Total	1,920,000.00	253,160,000.00

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(1)Details of long-term borrowings at year-end

Loan unit	Borrowing day	Returning day	Foreign currency	Interest rate	Ending amount (RMB)	Opening amount (RMB)
Ministry of Finance of Hefei ^{note}	2006.11.0.9	2021.11.08	RMB	2.25%	1,920,000.00	2,560,000.00

Note: 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 appropriate date (November 9, 2006), which would be paid by stages in the loan period to Ministry of Finance of Hefei by the Company. The first four years were grace period, during which the annual interest rate was subject to floating interest rate (the annual interest rate was the annual interest rate of one year fixed deposit plus 0.3%). On 1 March 2013, according to the Letter Relating to Ceasing Process of Other Securities in respect of the Properties in Feidong Longgang Industrial Park of Hefei Meiling Co., Ltd. (HCJ (2006) No.85) issued by the finance office of Hefei, Meiling commenced the national purchase of its land parcels in Longgang in compliance with the land planning of Hefei municipal government, which required its properties in Longgang land parcel to be unrestricted. The real estate for mortgage lifted in 2006 of the Company with registration No. HGYJCZ No.0121 which was used as the security for treasury bonds lending capital (details were set out in Note VI.14).

28. Long-term payable

Item	Balance at year-end	Balance at year-begin
Long-term account payable	3,487,208.00	10,953,687.53
Special payable	1,530,000.00	1,530,000.00
Total	5,017,208.00	12,483,687.53

28.1 Classify by nature

Nature	Balance at year-end	Balance at year-begin
Financing lease	3,487,208.00	3,953,687.53
Supporting fund for technical transformation ^{note}		7,000,000.00
Total	3,487,208.00	10,953,687.53

Note: the supporting fund for technical transformation will end in 2019, and transfer to other non-current liability due within one year at end of this year

28.2 Special payable

Item	Balance at year-begin	Increased in the Year	Decreased in the Year	Balance at year-end	Reason
Special funds for technological transformation from Zhongshan	1,530,000.00			1,530,000.00	Technology plan project in Zhongshan City

29. Long-term wage payable

Item	Balance at year-end	Balance at year-begin
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Item	Balance at year-end	Balance at year-begin
Dismissal welfare	19,073,101.29	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 19,073,101.2

30. Accrual liability

Item	Balance at year-end	Balance at year-begin	Reason
Product quality guarantee	12,952,457.86	6,183,877.90	Guarantee of product
Guarantee fund for quality service ^{Note 1}	247,060,570.02	306,830,000.30	Guarantee of product
Penalty expenses ^{Note 2}	13,050,649.33		Penalty
Total	273,063,677.21	313,013,878.20	

Note 1: Product quality deposit is the maintenance expense provided by the Company under the national policy, while quality service special guarantee capital is the warranty costs provided for product quality in addition to such policy. Parts of the commitments on product quality assurance beyond the national three guarantees policy are expired in 2018, the accrual liability that have not been anticipated has written-off in the period, actually 56,603,021.87 Yuan written-off.

Note 2: In March 2019, the Company received a Notice from the United States Department of Energy stating that the annual energy consumption of a refrigerator (freezer) manufactured from May 2014 to October 2016 by the Company and had commercial distribution in the United States does not meet the maximum allowable energy consumption rate stipulated by the Code of Federal Regulations after spot checking, for this batch of products, the United States Department of Energy intends to impose penalties on the Company. The Company is estimated to pay a penalty of US\$1,901,540.00 to the United States Department of Energy.

31. Deferred income

(1) Classification of deferred income

Item	Ending amount	Opening amount
Government subsidies---subsidies of development project	116,035,026.43	54,206,139.78
Government subsidies---subsidies of Relocation	44,215,937.17	48,363,815.61
Total	160,250,963.60	102,569,955.39

(2) Government subsidy

Item	Opening amount	New subsidy in the period	Amount reckoned into other income	Other changes	Ending amount	Assets related/Income related
Demolition compensation of Jiangxi Meiling	5,758,874.30			1,797,880.32	3,960,993.98	Assets related
Demolition compensation of Changhong Meiling	42,604,941.31			2,349,998.04	40,254,943.27	Assets related
Special funds for technical	9,164,062.50			4,286,250.00	4,877,812.50	Assets related

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Item	Opening amount	New subsidy in the period	Amount reckoned into other income	Other changes	Ending amount	Assets related/Income related
transformation of the Athena project						
Freezer project of Changhong Meiling	1,468,124.96			734,062.54	734,062.42	Assets related
Promoting the new industry (annual output of 0.6 million medium& large volume environmental protection and energy saving freezer)	1,369,856.27			304,412.54	1,065,443.73	Assets related
Research and application of the MCU chip for inverter control	2,300,000.00				2,300,000.00	Assets related
Smart life and fresh life project	720,947.60		720,947.60			Assets related
Special funds for provincial-level innovation-driven development	2,950,000.00		2,950,000.00			Assets related
Subsidy for the development on production line technical reform for green-friendly high-quality metal pipe	170,385.82			40,892.59	129,493.23	Assets related
Design and application of the air duct for energy-saving air-conditioner	300,000.00		300,000.00			Assets related
Research and application of the VISA (variable frequency volume integrated intelligent air-conditioner)	7,281,395.36			1,409,302.32	5,872,093.04	Assets related
Development and production of the whole machine of CHiQ air-conditioner	2,350,000.00		2,350,000.00			Assets related
Adaptability improvement on new coolants production	14,189,890.14			2,364,981.72	11,824,908.42	Assets related
Industrialization of intelligent white household appliances software platform and typical application research and development	4,000,000.00		242,424.24	727,272.71	3,030,303.05	Assets related
Promotion of the energy-saving room air conditioner	1,279,381.45			210,309.24	1,069,072.21	Assets related
Special funds for strategic emerging industry and high-end growth industry	2,000,000.00				2,000,000.00	Assets related
Innovation development project for the E-Business	370,429.01			76,075.30	294,353.71	Assets related
Government subsidy for new plant construction - industrialization of cryogenic refrigeration equipment	4,291,666.67			500,000.00	3,791,666.67	Assets related
Subsidies for intelligent transformation & upgrading of enterprises from the new industrialization policy in economic development zone		4,845,400.00	353,310.42	605,675.00	3,886,414.58	Assets related
Key chip and module for transducer used and detection capacity building		6,840,000.00			6,840,000.00	Assets related
Changhong Air Conditioner-relocation of production base and upgrading & expansion		6,880,000.00			6,880,000.00	Assets related
Demonstration factory construction for the intelligent manufacturing of intelligent air-conditioner		49,500,000.00			49,500,000.00	Assets related
2018 Zhongshan Special fund for		1,018,100.00	22,143.65	265,723.77	730,232.58	Assets related

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Item	Opening amount	New subsidy in the period	Amount reckoned into other income	Other changes	Ending amount	Assets related/Income related
industrial development - Special topic of technical transformation						
Special fund, government subsidy CZ059001		4,200,000.00			4,200,000.00	Assets related
Centre for external cooperation of the environmental protection		2,538,300.00			2,538,300.00	Assets related
Government subsidy CZ028001 technical improvement topic		1,755,100.00	1,180,256.70	96,727.01	478,116.29	Assets related
Government subsidy CZ028001-subsidy in equipment renewal		1,168,000.00	820,199.40	61,203.83	286,596.77	Assets related
Subsidy for equipment purchasing for Hefei Tech. Improvement project		1,791,600.00	253,810.00	179,160.00	1,358,630.00	Assets related
Equipment subsidy for the industrial base technical renovation from Economic and Information Commission		2,350,000.00	332,916.67	235,000.00	1,782,083.33	Assets related
Refrigerator evaporator workshop		247,000.00	31,671.64	29,033.05	186,295.31	Assets related
Special fund for technical improvement		218,000.00	3,573.77	42,885.25	171,540.98	Assets related
Government subsidy for the project of ministry of finance of science and education entrepreneurship park in Mianyang Technology Town		370,396.00	105,002.26	57,786.21	207,607.53	Assets related
Total	102,569,955.39	83,721,896.00	9,666,256.35	16,374,631.44	160,250,963.60	

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.

32.Share capital

Item	Balance at year-begin	Change during the period (+, -)					Balance at year-end
		New shares issued	Bonus share	Shares transferred from capital reserve	Other	Subtotal	
Total shares	1,044,597,881.00						1,044,597,881.00

33.Capital reserve

Item	Opening amount	Increased in the Year	Decreased in the Year	Ending amount
Share premium	2,636,633,081.37		436,745.61	2,636,196,335.76
Other capital reserve	48,173,262.70			48,173,262.70
Total	2,684,806,344.07		436,745.61	2,684,369,598.46

Note: The changes in the share premium of the current year were due to the capital contribution of the subsidiary Changmei Technology Co., Ltd. which caused changes in the shareholding ratio, and also due to the balance between the newly acquired long-term equity investment through the acquisition of the minority shareholder's stock equity of some marketing subsidiaries and the share of net assets that the subsidiary should continuously calculate from the date of purchase according to the newly increased shareholding ratio.

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34. Other comprehensive income

Item	Balance at year-begin	Current Year					Balance at year-end
		Account before income tax in the period	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less: Income tax expenses	Belong to parent company after tax	Belong to minority shareholders after tax	
Other comprehensive income re-divided into gains/losses							
Including: conversion difference arising from foreign currency financial statement	-7262322.02	-15,324,313.47			-10,881,247.24	-4,443,066.23	-18,143,569.26

35. Surplus reserves

Item	Opening amount	Increased in the Year	Decreased in the Year	Ending amount
Statutory surplus reserve	275,421,718.17	9,644,573.17		285,066,291.34
Discretionary surplus reserve	115,607,702.16			115,607,702.16
Total	391,029,420.33	9,644,573.17		400,673,993.50

36. Retained profit

Item	Current Year	Last Year
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		
Change of combination scope under common control		
Amount at the beginning of this year	937,894,771.93	968,097,382.98
Add: net profit attributable to shareholders of parent company for this period	38,658,256.97	32,473,204.92
Less: withdraw of statutory surplus reserve	9,644,573.17	
withdraw of discretionary surplus reserve		
Withdraw of general risk provision		
Dividend payable for ordinary shares	62,675,872.86	62,675,815.97

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Item	Current Year	Last Year
Dividend of ordinary shares transferred to share capital		
Amount at the end of this period	904,232,582.87	937,894,771.93

37. Operation income and operation cost

(1) Operation income and operation cost

Item	Current Year	Last Year
Main business income	16,458,650,756.15	16,013,327,582.28
Other business income	1,031,524,193.86	784,109,175.08
Total	17,490,174,950.01	16,797,436,757.36
Main business cost	13,273,395,942.04	13,092,373,731.24
Other business cost	953,006,078.36	710,299,406.06
Total	14,226,402,020.40	13,802,673,137.30

(2) Main business classified according to product

Product	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator, freezer	8,167,773,533.33	6,390,896,089.57	7,464,503,149.31	6,042,215,238.91
Air-conditioner	6,777,093,389.43	5,636,463,273.39	7,005,144,650.67	5,766,992,639.83
Washing machine	513,917,450.54	395,766,646.08	705,875,802.77	567,701,772.81
Small household appliances and kitchen and bathroom	689,072,966.20	583,308,199.41	536,291,620.64	456,677,143.84
Other	310,793,416.65	266,961,733.59	301,512,358.89	258,786,935.85
Total	16,458,650,756.15	13,273,395,942.04	16,013,327,582.28	13,092,373,731.24

(3) Main business classified according to sales region

Region	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	12,748,897,296.29	9,988,923,192.37	12,172,421,690.59	9,465,251,585.24
Overseas	3,709,753,459.86	3,284,472,749.67	3,840,905,891.69	3,627,122,146.00
Total	16,458,650,756.15	13,273,395,942.04	16,013,327,582.28	13,092,373,731.24

Top five clients have income in sales of RMB 4,913,712,759.11 yuan in total, a 28.09% in total operation income.

38. Business tax and extra charges

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Item	Current Year	Last Year
Treatment fund for abandon electrics & electronics	60,177,558.00	59,778,481.00
City construction tax	24,305,750.41	29,682,136.75
Extra charge for education and local education surcharge	17,875,282.24	21,916,696.12
Real estate tax	13,856,622.90	12,461,143.82
Stamp duty	8,963,160.80	11,659,990.71
Land use tax	7,021,001.03	8,300,141.16
Water fund	4,342,756.81	6,700,210.74
Other	2,372,926.42	-1,016,320.39
Total	138,915,058.61	149,482,479.91

39.Sales expense

Item	Current Year	Last Year
Salary, extra charges and labor service fee	635,315,875.59	597,704,401.09
Transport expenses	527,985,392.22	583,386,070.18
Market support fee	491,986,205.05	330,479,707.53
Air conditioner installation fee	397,693,064.53	403,688,837.63
National three guarantees expense	160,967,334.26	157,186,892.56
Storage lease expenses	131,417,625.27	120,029,440.81
Travelling expenses	52,346,471.72	48,042,729.60
Advertising fee	37,340,848.88	53,630,178.78
Operation activities expenses	23,804,644.95	21,412,507.25
Meeting organization expenses	9,370,395.41	12,984,091.73
House-lease expenses	19,148,254.52	16,808,642.70
Depreciation expenses	7,504,623.38	6,308,414.47
Communication expenses	8,496,026.11	7,509,452.57
Other	72,900,407.97	75,165,692.95
Total	2,576,277,169.86	2,434,337,059.85

40. Administration expense

Item	Current Year	Last Year
Salary and social insurance etc.	167,788,089.71	153,951,278.43
Depreciation	20,055,571.17	20,381,989.26
Amortized intangible assets	19,376,395.84	16,821,461.37
Board fees	17,279,114.44	1,970,675.26
Water and electricity fee	10,973,983.83	10,773,832.28
Domestic travelling fee	6,936,778.04	7,611,115.63
Property insurance fee	5,405,723.64	5,116,936.89
Business activities fee	5,175,165.28	4,486,233.22

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Item	Current Year	Last Year
Office fee	5,051,067.65	4,823,779.80
Inspection and authentication fee	2,825,310.81	599,138.88
Other	57,050,347.62	59,417,528.89
Total	317,917,548.03	285,953,969.91

41. R&D expenses

Item	Current Year	Last Year
Salary and social insurance etc.	91,047,499.76	82,694,313.99
Amortized intangible assets	58,584,357.96	39,248,612.76
Trial fee of R&D	19,119,854.48	15,502,785.18
Technical development cost	13,885,813.48	14,263,595.37
Inspection and authentication fee	12,977,420.74	10,618,854.80
Depreciation	6,434,865.22	6,021,336.77
Cost of mould	5,310,839.33	2,337,830.43
Software royalty	2,954,351.56	1,613,001.95
Domestic travel expenses	1,931,601.98	1,707,708.92
Other	23,052,793.55	36,969,732.96
Total	235,299,398.06	210,977,773.13

42. Financial expenses

Item	Current Year	Last Year
Interest expenditure	101,451,047.10	67,750,377.89
Less: Interest income	127,986,419.36	145,489,942.29
Add: exchange loss	-12,186,113.99	33,458,318.09
procedure charge expenditure	13,167,973.40	15,277,598.08
discount expenditure	-13,752,095.89	-4,645,184.95
Total	-39,305,608.74	-33,648,833.18

43. Loss from Assets depreciation

Item	Current Year	Last Year
Bad debt losses	3,008,853.32	16,884,408.36
Provision for falling price of inventory	36,245,038.14	33,646,355.01
Provision for fixed assets		383,209.19
Total	39,253,891.46	50,913,972.56

44. Other income

Item	Current Year	Last Year
Enterprise policy funds from Economic and Trade Development Bureau in	15,410,000.00	

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Item	Current Year	Last Year
Hefei economic development zone		
Provincial-level foreign trade fund subsidy from finance bureau in Hefei economic development zone	6,424,936.00	
Immediate refund of VAT for software products	5,420,015.89	6,111,207.75
Development and production of the whole machine of CHiQ air-conditioner	4,700,000.00	
Special funds for technical transformation of the Athena project	4,286,250.00	4,286,250.00
Logistic subsidy	4,170,300.00	
National level award for the green factory and green products	4,000,000.00	1,000,000.00
Special funds for provincial-level innovation-driven development	2,950,000.00	
CCTV publicity fund for the Best Anhui in 2018	2,932,124.00	
Demolition compensation of Changhong Meiling	2,382,423.84	2,404,563.15
Adaptability improvement on new coolants production	2,364,981.72	2,364,981.69
Subsidy for equipment renewal and modernization	404,000.00	
Government subsidy for new plant construction, industrialization of cryogenic refrigeration equipment	500,000.00	
Government subsidy CZ028001- subsidy in equipment renewal	820,199.40	
Award for pilot demonstration project of the national intelligent manufacturing	2,000,000.00	
Subsidy for talent supporting	2,030,669.00	620,886.65
Demolition compensation of Jiangxi Meiling	1,797,880.32	25,153,889.09
Award of pilot demonstration enterprise for intellectual property	1,655,100.00	500,000.00
Government subsidy CZ028001 technical improvement topic	1,180,256.70	
Rewards for technological transformation of enterprises in economic and development zone	300,000.00	
Special subsidy for Nanjing Port	1,414,840.00	1,238,685.00
Research and application of the VISA (variable frequency volume integrated intelligent air-conditioner)	1,409,302.32	1,409,302.32
Subsidy for export credit insurance	1,404,475.00	1,687,311.98
Subsidy for cultivation of the enterprise brand	1,400,000.00	
Subsidy for employment stable	1,242,818.98	1,357,784.00
Venture expansion fund	1,179,587.32	
Funds for enterprise research and development	1,120,600.00	
Service industry policy for year of 2017 from economic and trade development bureau in Hefei Economic Development Zone	1,028,700.00	
Reward for the smart home appliance technology of the industry policy	1,000,000.00	1,000,000.00
Special fund for promoting innovation and development of processing trade	1,000,000.00	
Special fund for undertaking industrial transfer and promoting innovation in processing trade for year of 2016	1,000,000.00	
Subsidy for staff training	981,250.94	
Smart life and fresh life project	886,226.74	
Special fund for investment promotion from Commercial Bureau	879,954.00	
Reward for a good start of the investment in industrial and technological transformation in 2018	750,000.00	

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Item	Current Year	Last Year
Freezer project of Changhong Meiling	734,062.50	734,062.49
Provincial-level government subsidy for enterprise research and development in Guangdong Province for year of 2017	654,100.00	
Promoting the new industry (annual output of 0.6 million medium& large volume environmental protection and energy saving freezer)	304,412.50	
Policy of promoting the development of new industrialization	330,000.00	1,767,041.00
Promotion of the energy-saving room air conditioner	210,309.24	210,309.27
Design and application of the air duct for energy-saving air-conditioner	300,000.00	
Funds for rapid growth from Ministry of Finance of Hefei	500,000.00	
Award for implementing the quality management system standards from Economic and Information Commission	500,000.00	
Independent innovation policy	500,000.00	
The 2 nd batch of 2016 city-level supporting funds for side management for power demand	496,000.00	
Patent funding	435,820.00	
Commission charge refund for individual income tax	329,654.25	
Award for integration of information technology and industrialization	100,000.00	500,000.00
Subsidies for intelligent transformation & upgrading of enterprises from the new industrialization policy in economic development zone	353,310.42	
Subsidy for the development on production line technical reform for green-friendly high-quality metal pipe	40,892.59	
Innovation development project for the E-Business	76,075.30	
2018 Zhongshan Special fund for industrial development - Special topic of technical transformation	22,143.65	
Subsidy for equipment purchasing for Hefei Tech. Improvement project	253,810.00	
Refrigerator evaporator workshop	31,671.64	
Special fund for technical improvement	3,573.77	
Industrialization of intelligent white household appliances software platform and typical application research and development	242,424.24	
Equipment subsidy for the industrial base technical renovation from Economic and Information Commission	332,916.67	
Government subsidy for the project of ministry of finance of science and education entrepreneurship park in Mianyang Technology Town	105,002.26	
Other sporadic projects	5,655,611.19	8,898,816.72
Subsidy for Going Out in 2017		1,003,318.00
Subsidy for new workshop		208,333.33
Financial subsidy from Hefei Economic and Development Zone/development refinancing award for the service industry		500,000.00
Policy of promote the development of a multi-tiered capital market		800,000.00
project funds for major science and technology project in Zhongshan City for 2017		1,400,000.00
Awards of City S&T bureau		404,000.00
Policy award for the development of service industry		1,000,000.00
Government subsidy from finance bureau of Hefei economic and development zone/award for the promotion of new products in district area for 2016		500,000.00

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Item	Current Year	Last Year
Sichuan Action Plan for Made in China 2025		850,000.00
Subsidy for market extension from management commission in economic and development zone		480,000.00
Subsidy income (Enterprise Endowment Insurance Management Center of Hefei City)		473,901.82
Subsidy for sales from overseas department from economic and trade development bureau in Hefei economic and development zone		1,493,511.00
Subsidy for market extension		631,560.00
Fund of technical reforming		757,289.85
Total	94,938,682.39	71,747,005.11

45. Investment income

(1) Sources of investment income

Item	Current Year	Last Year
Long-term equity investment income by equity method	-23,357,648.90	-2,625,710.04
Investment income obtained from disposal of long-term equity investment	867.43	2,506.98
Investment income obtained from held of finance asset available for sales	73,852,215.97	88,862,205.90
Investment income obtained from disposal of finance asset available for sales		38,750,000.00
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	-46,564,075.82	-22,222,590.69
Total	3,931,358.68	102,766,412.15

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

Item	Current Year	Last Year	Reason of change of this period than last period
Hefei Xingmei Assets Management Co., Ltd.	-1,276,882.77	-1,697,818.35	Changes of net profit of the invested unit
ChanghongRuba ElectricCompany(Private)Limited	-15,129,056.84	-400,790.01	
Sichuan Zhiyijia Network Technology Co., Ltd.	-6,713,204.21	1,315,197.31	
Hongyuan Ground Energy Heat Tech. Co., Ltd.	2,003,963.45	-1,626,092.36	Changes of net profit of the invested unit and counter current transaction offset
Sichuan Tianyou Guigu Technology Co., Ltd.	-1,337,911.44	666,148.01	
Chengdu Guigu Environmental Tech. Co., Ltd.	-2,460,257.09	-882,354.64	
Hefei Meiling Solar Energy Technology Co., Ltd.	1,555,700.00		Bonus from invested enterprise
Total	-23,357,648.90	-2,625,710.04	

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

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Item	Current Year	Last Year
Equity income obtained from disposal of Hefei Meiling Packing Products Co., Ltd.		2,506.98
Income from cancellation of Zhongshan Hongyou Electric Co.,Ltd.	867.43	
Total	867.43	2,506.98

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

Item	Current Year	Last Year
Bonus from Huishang Bank Co., Ltd.(Shareholding ratio of 0.0972%)	268,439.33	654,991.95
Purchase of bank financial products	73,583,776.64	88,207,213.95
Total	73,852,215.97	88,862,205.90

(5) Investment income obtained from disposal of financial assets available for sale

Item	Current Year	Last Year
Hefei Wanmei Property Co., Ltd.		38,750,000.00

(6) The investment income obtained from disposal of the financial assets measured by fair value and with variation reckoned into current gains/losses refers to the gains/losses arising from delivery of forward foreign exchange(NDF) agreements

46. Changes in fair value gains/loses

Item	Current Year	Last Year
Financial assets measured at fair value and whose movements are included in the profit and loss of the current period	-6,393,095.89	3,586,518.18
Including :Income of fair value changes from derivative financial instruments	-6,393,095.89	3,586,518.18
Financial liabilities measured at fair value and whose movements are included in the profit and loss of the current period	-39,556,161.23	-15,474,750.42
Including :Income of fair value changes from derivative financial instruments	-39,556,161.23	-15,474,750.42
Total	-45,949,257.12	-11,888,232.24

47. Income from assets disposal

Item	Current Year	Last Year	Amount reckoned into non-recurring gains/losses in the period
Income from non-current assets disposal	787,721.32	-8,206,289.88	787,721.32
Including: income classify to assets ready for sale			
income not classify as to assets ready for sale			

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Item	Current Year	Last Year	Amount reckoned into non-recurring gains/losses in the period
Including: Income from fixed assets disposal	787,721.32	-15,728,849.54	787,721.32
Income from disposal of investment real estate		8,702,662.43	
Income from intangible assets disposal		-1,180,102.77	
Total	787,721.32	-8,206,289.88	787,721.32

48. Non-operation revenue

(1) Non-operation revenue

Item	Current Year	Last Year	Amount reckoned into non-recurring gains/losses in the period
Government subsidy	883,331.13	2,767,905.00	883,331.13
Income of penalty	813,253.72	800,507.18	813,253.72
Other	4,789,860.85	2,103,378.86	4,789,860.85
Total	6,486,445.70	5,671,791.04	6,486,445.70

Item	Current Year	Last Year	Resource and basis	Assets/benefit related
Special subsidy for innovative provinces from technology bureau of the city		808,000.00	WanZ【2017】No. 52	Income related
Award for implementing the quality management system standards from Economic and Information Commission		500,000.00	Finance Treasury Payment Center of Hefei City etc.	Income related
Government subsidy		394,000.00	ZFB(2017)No.20	Income related
Award for supporting the land intensive use		265,900.00	DZ (2016) No.31	Income related
Award of local collaboration for advance industrial enterprises	400,000.00		MFBH (2018)No.105	Income related
Fund of tax incentive	121,801.13		Science and education entrepreneurship park of the technology town in Mianyang	Income related
Other government subsidy	361,530.00	800,005.00		Income related
Total	883,331.13	2,767,905.00		

(2) Government subsidy

49. Non-operating expenditure

Item	Current Year	Last Year	Amount reckoned into non-recurring gains/losses in the period
Penalty and late fee	13,094,401.47	172,208.46	13,094,401.47
Other	8,174,124.11	50,769.36	8,174,124.11

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Item	Current Year	Last Year	Amount reckoned into non-recurring gains/losses in the period
Total	21,268,525.58	222,977.82	21,268,525.58

50. Income tax expenses

Item	Current Year	Last Year
Current income tax	17,887,061.40	28,772,913.09
Deferred Income Tax	-18,420,948.02	-8,252,539.56
Total	-533,886.62	20,520,373.53

51. Other comprehensive income

Found more in 34. Other comprehensive income in VI

52. Items of cash flow statement

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

1) Cash received from other activities relating to operation

Item	Current Year	Last Year
Government subsidy and rewards	150,185,767.81	33,703,635.65
Collection of restriction fund	105,951,876.61	2,266,666.23
Cash deposit, deposit	12,959,065.11	21,140,524.49
Rental income	7,553,077.64	6,656,826.94
Compensations	4,420,758.79	2,542,943.78
Petty cash collection	1,310,946.26	
Trademark use fee	102,616.07	900,000.00
Other	6,243,804.17	5,022,063.39
Total	288,727,912.46	72,232,660.48

2) Cash paid for other activities relating to operation

Item	Current Year	Last Year
Market expenses	332,783,741.64	260,514,203.01
Rental fee	158,008,576.20	41,510,091.99
Travel expenses, meeting fees and exhibition fees	79,056,028.57	74,715,805.55
Petty cash, deposit, Cash deposit	45,279,661.81	14,995,492.05
Advertising fee	39,917,061.79	38,973,148.94
Transfer to restriction fund	24,070,228.43	120,068,801.01
Vehicle expenses	22,366,556.31	22,540,416.07
Business activities fee	21,958,864.60	27,088,324.43
Inspection and certification fee, certification charge and reviewing fee	21,408,152.10	23,596,401.97

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Item	Current Year	Last Year
Technological cooperation costs and consulting charge	10,890,258.27	8,102,519.39
Board fee	9,928,756.19	1,970,675.18
Service supporting fee	9,926,383.50	12,092,911.84
Service Charge	9,406,748.71	9,747,273.65
Office expenses	8,849,262.16	9,808,261.18
Communication fee	6,990,290.66	7,640,607.42
Labor service fee	6,452,287.26	3,737,315.12
Repair charge	4,291,510.38	2,870,994.25
Other	87,777,383.06	48,430,363.47
Total	899,361,751.64	728,403,606.52

3) Cash received from other activities relating to investment

Item	Current Year	Last Year
Interest income arising from bank savings	130,007,292.58	142,267,160.10
Supporting fund for technical transformation		7,000,000.00
Cash deposit	2,188,621.81	790,941.00
Total	132,195,914.39	150,058,101.10

4) Cash paid for other activities relating to investment

Item	Current Year	Last Year
Losses of forward exchange settlement	46,564,075.82	33,008,606.18
Bid bond refund	273,200.00	1,551,000.00
Total	46,837,275.82	34,559,606.18

5) Cash received from other activities relating to financing

Item	Current Year	Last Year
Withdrawal of pledge	44,497,902.00	

6) Cash paid for other activities relating to financing

Item	Current Year	Last Year
Amount refund to minority shareholders due to the cancellation of subsidiary	2,000,000.00	371,865.42
Financing lease	647,028.80	
Handling charge of dividend	45,458.19	135,296.42
Handling charge of private placement		248,000.00
Total	2,692,486.99	755,161.84

(2) Supplementary of the consolidated cash flow statement

Item	2018	2017
1. Net profit is adjusted to cash flow of operation activities:		
Net profit	34,875,784.34	36,094,532.71
Add: provision for depreciation of assets	39,253,891.46	50,913,972.56
Depreciation of fixed assets, consumption of oil gas assets and	158,357,425.01	134,852,371.89

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Item	2018	2017
depreciation of productive biological assets		
Amortization of intangible assets	79,302,211.24	56,123,680.61
Amortization of long-term retained expense	3,635,861.94	1,529,915.81
Loss from disposal of fixed assets, intangible assets and other long term assets(gain is listed with “-”)	787,721.32	8,206,289.88
Loss from discarding fixed assets as useless (gain is listed with “-”)		
Loss from change of fair value(gain is listed with “-”)	45,949,257.12	11,888,232.24
Financial expense (gain is listed with “-”)	-38,721,486.24	-35,623,226.65
Investment loss (gain is listed with “-”)	-3,931,358.68	-102,766,412.15
Decrease of deferred income tax assets (increase is listed with “-”)	-21,514,573.12	-6,424,479.98
Increase of deferred income tax liabilities (decrease is listed with “-”)	3,098,699.11	-1,809,032.00
Decrease of inventories (increase is listed with “-”)	725,173,756.72	-974,511,402.93
Decrease of operational accounts receivable (increase is listed with “-”)	-127,833,259.28	-1,383,611,294.16
Increase of operational accounts payable (decrease is listed with “-”)	-1,022,530,821.76	1,817,989,798.16
Other	-96,463,724.54	-164,354,940.73
Net cash flow arising from operation activities	-220,560,615.36	-551,501,994.74
2. Major investment and financing activities that do not involve cash receipts:		
Conversion of debt into capital		
Switching Company bonds due within one year		
financing lease of fixed assets		
3. Net change in cash and cash equivalents:		
Balance at period-end of cash	4,484,643,187.93	5,089,765,770.39
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	-605,122,582.46	1,103,667,350.63

(3) No net cash paid for subsidiary obtained in the Year

(4) No net cash received from subsidiary disposal in the Year

(5) Cash and cash equivalent

Item	Current Year	Last Year
Cash	4,484,643,187.93	5,089,765,770.39
Including: cash in stock	28,650.21	43,454.93
Bank deposits available for payment at any time.	4,029,892,318.85	4,600,242,944.53
Other monetary fund available for payment at any time	454,722,218.87	489,479,370.93
Cash equivalents		

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Item	Current Year	Last Year
Including: bond investment due within 3 months		
Balance of cash and cash equivalents at year-end	4,484,643,187.93	5,089,765,770.39
Including: using the restricted cash and cash equivalents of the parent company or subsidiary of the group		

53. Assets with ownership or the right to use restricted

Item	Ending book value	Reasons
Monetary fund	111,434,369.47	Margin
Note receivable ^{note 1}	655,399,922.44	Pledged
Intangible assets ^{note 2}	18,908,720.29	Pledged
Account receivable ^{note 3}	149,498,800.00	Pledged
Total	935,241,812.20	

Note 1: The note receivable was pledged for: short-term financing from the bank; with purpose of improving the note utilization, the Company draw up bank acceptance by pledge parts of the outstanding notes receivable to the bank

Note 2: intangible assets mortgaged refer to the land use right pledge, found more in “27. Long term borrowings” under this note VI

Note 3: Pledge of the account receivable refers to the account pledge for export bill financing.

54. Foreign currency

(1) Foreign currency

Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
Monetary fund			
Including: USD	18,869,934.03	6.8632	129,508,131.23
Euro	2,941,014.56	7.8473	23,079,023.56
AUD	615,061.92	4.8250	2,967,673.76
Pakistan Rupi	26,737,426.80	0.049075	1,312,139.22
IDR	12,771,074,826.00	0.000472	6,027,947.32
HKD	2.39	0.8762	2.09
Account receivable			
Including: USD	79,355,131.65	6.8632	544,630,139.54
Euro	3,953,622.45	7.8473	31,025,261.45
AUD	3,662,168.00	4.8250	17,669,960.60
Pakistan Rupi	1,869,816,372.04	0.049075	91,761,238.46
IDR	28,907,144,343.00	0.000472	13,644,172.13
Other account receivable			
Including: USD	-5,658.16	6.8632	-38,833.08
Pakistan Rupi	23,161,615.00	0.049075	1,136,656.26

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Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
IDR	410,337,140.00	0.000472	193,679.13
HKD	1,925,306.59	0.8762	1,686,953.63
Account paid in advance			
Including: USD	1,200.00	6.8632	8,235.84
Euro	3,230,473.00	0.049075	158,535.46
Pakistan Ruppi	513,683,334.00	0.000472	242,458.53
Account payable			
Including: USD	1,866,889.86	6.8632	12,812,838.49
Pakistan Ruppi	600,441,093.57	0.049075	29,466,646.67
Other account payable			
Including: USD	936.81	6.8632	6,429.51
Pakistan Ruppi	231,487,200.46	0.049075	11,360,234.36
IDR	2,963,590,366.00	0.000472	1,398,814.65
Account received in advance			
Including: USD	36,813,671.61	6.8632	252,659,590.99
Euro	2,362,051.18	7.8473	18,535,724.22
AUD	183,845.61	4.8250	887,055.07
Pakistan Ruppi	35,449,804.61	0.049075	1,739,699.16
Short-term loans			
Including: USD	81,116,619.00	6.8632	556,719,579.52

(2) Foreign operational entity

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

55. Government subsidy

(1) Government subsidy

Category	Amount	Item	Amount reckoned into current gain/loss
Demonstration factory construction of the intelligent manufacturing for intelligent frequency conversion air-conditioner	49,500,000.00	Deferred income	
Enterprise policy funds from Economic and Trade Development Bureau in Hefei economic development zone	15,410,000.00	Other income	15,410,000.00
Changhong Air Conditioner- relocation of production base and upgrading & expansion	6,880,000.00	Deferred income	
Key chip and module for transducer used and detection capacity building	6,840,000.00	Deferred income	
Provincial-level foreign trade fund subsidy from finance bureau in Hefei economic development zone	6,424,936.00	Other income	6,424,936.00

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Category	Amount	Item	Amount reckoned into current gain/loss
Immediate refund of VAT for software products	5,420,015.89	Other income	5,420,015.89
Subsidies for intelligent transformation & upgrading of enterprises from the new industrialization policy in economic development zone	4,845,400.00	Deferred income, Non-current liability due within one year	353,310.42
Special fund, government subsidy CZ05900	4,200,000.00	Deferred income	
Logistic subsidy	4,170,300.00	Other income	4,170,300.00
National level award for the green factory and green products	4,000,000.00	Other income	4,000,000.00
CCTV publicity fund for the Best Anhui in 2018	2,932,124.00	Other income	2,932,124.00
Centre for external cooperation of the environmental protection	2,538,300.00	Deferred income	
Equipment subsidy for the industrial base technical renovation from Economic and Information Commission	2,350,000.00	Deferred income, Non-current liability due within one year	332,916.67
Development and production of the whole machine of CHiQ air-conditioner	2,350,000.00	Other income	2,350,000.00
Subsidy for talent supporting	2,030,669.00	Other income	2,030,669.00
Award for pilot demonstration project of the national intelligent manufacturing	2,000,000.00	Other income	2,000,000.00
Subsidy for equipment purchasing for Hefei Tech. Improvement project	1,791,600.00	Deferred income, Non-current liability due within one year	253,810.00
Government subsidy CZ028001 technical improvement topic	1,755,100.00	Deferred income, Non-current liability due within one year	1,180,256.70
Award of pilot demonstration enterprise for intellectual property	1,655,100.00	Other income	1,655,100.00
Special subsidy for Nanjing Port	1,414,840.00	Other income	1,414,840.00
Subsidy for export credit insurance	1,404,475.00	Other income	1,404,475.00
Subsidy for cultivation of the enterprise brand	1,400,000.00	Other income	1,400,000.00
Subsidy for employment stable	1,242,818.98	Other income	1,242,818.98
Venture expansion fund	1,179,587.32	Other income	1,179,587.32
Government subsidy CZ028001- subsidy in equipment renewal	1,168,000.00	Deferred income, Non-current liability due within one year	820,199.40
Funds for enterprise research and development	1,120,600.00	Other income	1,120,600.00
Service industry policy for year of 2017 from economic and trade development bureau in Hefei Economic Development Zone	1,028,700.00	Other income	1,028,700.00
2018 Zhongshan Special fund for industrial development - Special topic of technical transformation	1,018,100.00	Deferred income, Non-current liability due within one year	22,143.65

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Category	Amount	Item	Amount reckoned into current gain/loss
Reward for the smart home appliance technology of the industry policy	1,000,000.00	Other income	1,000,000.00
Special fund for promoting innovation and development of processing trade	1,000,000.00	Other income	1,000,000.00
Special fund for undertaking industrial transfer and promoting innovation in processing trade for year of 2016	1,000,000.00	Other income	1,000,000.00
Subsidy for staff training	981,250.94	Other income	981,250.94
Special fund for investment promotion from Commercial Bureau	879,954.00	Other income	879,954.00
Reward for a good start of the investment in industrial and technological transformation in 2018	750,000.00	Other income	750,000.00
Provincial-level government subsidy for enterprise research and development in Guangdong Province for year of 2017	654,100.00	Other income	654,100.00
Independent innovation policy	500,000.00	Other income	500,000.00
Award for implementing the quality management system standards from Economic and Information Commission	500,000.00	Other income	500,000.00
Funds for raid growth from Ministry of Finance of Hefei	500,000.00	Other income	500,000.00
The 2nd batch of 2016 city-level supporting funds for side management for power demand	496,000.00	Other income	496,000.00
Patent funding	435,820.00	Other income	435,820.00
Subsidy for equipment renewal and modernization	404,000.00	Other income	404,000.00
Award of local collaboration for advance industrial enterprises	400,000.00	Non-operation income	400,000.00
Government subsidy for the project of ministry of finance of science and education entrepreneurship park in Mianyang Technology Town	370,396.00	Deferred income, Non-current liability due within one year	105,002.26
Policy of promoting the development of new industrialization	330,000.00	Other income	330,000.00
Commission charge refund for individual income tax	329,654.25	Other income	329,654.25
Rewards for technological transformation of enterprises in economic and development zone	300,000.00	Other income	300,000.00
Refrigerator evaporator workshop	247,000.00	Deferred income, Non-current liability due within one year	31,671.64
Special fund for technical improvement	218,000.00	Deferred income, Non-current liability due within one year	3,573.77
Fund of tax incentive	121,801.13	Non-operation income	121,801.13
Award for integration of information technology and industrialization	100,000.00	Other income	100,000.00
Other sporadic projects	6,017,141.19	Other income, Non-operation income	6,017,141.19
Total	155,605,783.70		74,986,772.21

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(2) Refund of government subsidy: nil

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VII. Changes of consolidation range

1. Enterprise combined under the different control: nil
2. Enterprise combined under the same control: nil
3. Reversed takeover: Nil
4. Disposal of subsidiary: Nil
5. Subsidiary liquidated

Subsidiary	Price of the equity disposed	Ratio of the equity disposed	Way of the equity disposed	Time point of control right lose	Determination basis for the time point of control right lose	Difference between the disposal price and proportion of the subsidiary's net assets enjoy in aspect of the consolidated financial statement, which is respond to the disposal investment	Other comprehensive income transferred into investment income, which related with the equity investment of original subsidiary
Zhongshan Hongyou Electric Co.,Ltd.		60.00%	Liquidation cancellation	2018.7	Liquidation completed	867.43	
Shijiazhuang Meiling Electronic Appliance Marketing Co., Ltd		100.00%	Liquidation cancellation	2018.8	Liquidation completed		
Guiyang Meiling Electronic Appliance Marketing Co., Ltd		100.00%	Liquidation cancellation	2018.9	Liquidation completed		
Kunming Meiling Electronic Appliance Marketing Co., Ltd		97.50%	Liquidation cancellation	2018.8	Liquidation completed		
Chongqing Meiling Electronic Appliance Marketing Co., Ltd		100.00%	Liquidation cancellation	2018.10	Liquidation completed		
Wuhu Meiling Electronic Appliance Marketing Co., Ltd.		98.00%	Liquidation cancellation	2018.7	Liquidation completed		
Changchun Meiling Electronic Appliance Marketing Co., Ltd		100.00%	Liquidation cancellation	2018.12	Liquidation completed		

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Shenyang Meiling Electronic Appliance Marketing Co., Ltd		100.00%	Liquidation cancellation	2018.11	Liquidation completed		
Jingzhou Meiling Electronic Appliance Marketing Co., Ltd		96.00%	Liquidation cancellation	2018.9	Liquidation completed		
Nantong Meiling Electronic Appliance Marketing Co., Ltd		100.00%	Liquidation cancellation	2018.11	Liquidation completed		
Harbin Meiling Electronic Appliance Marketing Co., Ltd		100.00%	Liquidation cancellation	2018.9	Liquidation completed		

6. Subsidiary newly established: Nil

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VIII. Equity in other entity

1. Equity in subsidiary

(1) Composition of the enterprise group

Subsidiary	Business area	Registration place	Business nature	Shareholding 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)	Jingdezhen	Jingdezhen	Manufactures, sales	98.75	1.25	Investment
Hefei Meiling Electric Marketing Co., Ltd.5)	Hefei	Hefei	sales	99.82	0.18	Investment
Guangxi Huidian Home Appliance Co., Ltd.6)	Nanjing	Nanjing	sales		100.00	Enterprise combined under the different control
Jinan Xiangyou Electric Marketing Co., Ltd.7)	Jinan	Jinan	sales		91.40	Investment
Nanchang Xiangyou Electric Marketing Co., Ltd.8)	Nanchang	Nanchang	sales		85.00	Investment
Wuhan Meizhirong Electric Marketing Co., Ltd.9)	Wuhan	Wuhan	sales		91.00	Investment
Zhengzhou Meiling Electric Marketing Co., Ltd.10)	Zhengzhou	Zhengzhou	sales		100.00	Investment
Chengdu Meiling Electric Marketing Co., Ltd.11)	Chengdu	Chengdu	sales		96.00	Investment
Fuzhou Meiling Electric Marketing Co., Ltd.12)	Fuzhou	Fuzhou	sales		100.00	Investment
Nanjing Meiling Electric Marketing Co., Ltd.13)	Nanjing	Nanjing	sales		100.00	Investment
Taiyuan Meiling Electric Marketing Co., Ltd.14)	Taiyuan	Taiyuan	sales		100.00	Investment
Changsha Meiling Electric Marketing Co., Ltd.15)	Changsha	Changsha	sales		97.00	Investment
Hangzhou Meiling Electric Marketing Co., Ltd.16)	Hangzhou	Hangzhou	sales		100.00	Investment
Shanghai Meiling Electric Marketing Co., Ltd.17)	Shanghai	Shanghai	sales		99.00	Investment
Guangzhou Meiling Electric Marketing Co., Ltd.18)	Guangzhou	Guangzhou	sales		98.00	Investment
Tianjin Meiling Electric Marketing Co., Ltd.19)	Tianjin	Tianjin	sales		100.00	Investment
Beijing Meiling Electric Marketing Co., Ltd.20)	Beijing	Beijing	sales		100.00	Investment
Hefei Meiling Nonferrous Metal Products Co., Ltd.21)	Hefei	Hefei	Manufactures, sales		100.00	Enterprise combined under the different control
Guangdong Changhong Ridian Technology Co., Ltd.22)	Zhongshan	Zhongshan	Manufactures, sales	98.855		Enterprise combined under the same control
Changmei Technology Co., Ltd. 23)	Mianyang	Mianyang	sales	96.256		Investment
CHANGHONG MEILING ELECTRIC INDONESIA,PT 24)	Jakarta	Jakarta	sales		100.00	Investment

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Subsidiary	Business area	Registration place	Business nature	Shareholding ratio(%)		Acquire way
				Directly	Indirectly	
ChanghongRubaTradingCompany(Private) Limited 25)	Pakistan	Pakistan	sales		60.00	Investment
Sichuan Changhong Air-conditioner Co., Ltd. 26)	Mianyang	Mianyang	Manufactures, sales	100.00		Enterprise combined under the same control
Zhongshan Changhong Electric Co., LTD27)	Zhongshan	Zhongshan	Manufactures, sales	90.00	10.00	Enterprise combined under the same control
Hefei Meiling Group Holdings Limited28)	Hefei	Hefei	Manufactures, sales	100.00		Enterprise combined under the different control
Meiling Equator Appliance (Hefei) Co., Ltd29)	Hefei	Hefei	Manufactures, sales		100.00	Enterprise combined under the different control
Hefei Equator Appliance Co., Ltd.30)	Hefei	Hefei	Manufactures, sales		100.00	Enterprise combined under the different control
Hongyuan Ground Energy Heat Pump Tech. Co., Ltd.31)	Mianyang	Mianyang	Manufactures, sales		51.00	Investment
Hongyuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.32)	Zhongshan	Zhongshan	Manufactures, sales		51.00	Investment
Meiling CANDY Washing Machine Co., Ltd. 33)	Hefei	Hefei	Manufactures, sales	60.00		Investment
Guangzhou Changhong Trading Co., Ltd.34)	Guangzhou	Guangzhou	sales		100.00	Investment
Zhongshan Hongling Trading Co., Ltd.35)	Zhongshan	Zhongshan	sales		100.00	Investment
Hebei Hongmao Household Appliance Technology Co., Ltd36)	Handan	Handan	Manufactures, sales		100.00	Investment

Note:

1) Zhongke Meiling Cryogenic Technology Company Limited (hereinafter referred to as Zhongke Meiling), the predecessor of which was Zhongke Meiling Cryogenic Technology Limited Liability Company, was established on 29 October 2002 by joint contribution from the Company and Technical Institute of Physics and Chemistry, CAS (“TIPC”), with registered capital of RMB60 million upon the establishment, among which, the Company made capital contribution of RMB42 million (including the assets in specie at the consideration of RMB35,573,719.70 as evaluated by Beijing Zhongzheng Appraisal Co., Ltd. with issuance of the Appraisal Report (ZZPBZ(2002)No.029) and cash contribution of RMB6,426,280.30) accounting for 70% of the aforesaid registered capital, and TIPC made capital contribution of RMB18 million with intangible assets of such value (namely the single compressor mixture industrial low temperature refrigeration technology) as evaluated by Jingzhongzi Assets Appraisal Co., Ltd. with issuance of the Appraisal Report (ZZPBZ(2002)No.225) accounting for 30% of the aforesaid registered capital. The paid-in of the above registered capital has been verified by Huazheng Accounting Firm by issuance of the Assets Verification Report (HZYZ (2002) No.B157) dated 16 October 2002.

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

On 10 August 2015, all the founders signed the Founder Agreement of Zhongke Meiling Cryogenic Technology Company

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Limited, pursuant to which, they decided to change the firm type of Zhongke Meiling Cryogenic Technology Company Limited to a joint stock company. Based on the net assets of RMB96,431,978.25 as audited by Xinyong Zhonghe CPA as of 30 June 2015, an aggregate of 65,000,000 shares have been converted at the proportion of 1:0.67, which are to be held by the original shareholders according to their respective entitlement. In case that the net assets exceed registered capital, the balance shall be recorded in capital reserve. On 28 August 2015, Xinyong Zhonghe CPA reviewed the registered capital and paid-in thereof in respect of the stock reform, and issued Assets Verification Report (XYZH/2015CDA40161). The Company registered industrial and commercial information on 11 September 2015.

On November 25, 2016, the first Extraordinary Shareholders' General Meeting of Zhongke Meiling Cryogenic Technology Co., Ltd. in 2016 considered and approved the Proposal on the Issuance Plan of the Company; Zhongke Meiling Company issued 3,150,000 shares to specific investors by the non-public offering of shares at 1.63 Yuan per share. The current capital increase was verified by the No. [XYZH/2016CDA40294] capital verification report issued by ShineWing CPA (special general partnership). After the completion of the issuance, the share capital of Zhongke Meiling Company increased to 68,150,000 shares and the Company's shareholding ratio was 66.76%.

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

2) Sichuan Hongmei Intelligent Technology Co., Ltd. (hereinafter referred to as Hongmei Intelligent) was established on Jan. 24, 2014. It is a limited company jointly invested by the Company and Mianyang Meiling Refrigeration Co., Ltd., being approved by the Industrial and Commerce Bureau of Peicheng District, Mianyang City. The company owes registered capital of RMB 5 million, including RMB 4.95 million contributed by Changhong Meiling Company in cash, accounted for 99% of the registered capital; Mianyang Meiling Refrigeration Co., Ltd. contributed RMB 50000 in cash with 1% of the register capital occupied. The above mentioned register capital have been verified by verification report of Chuanjinlai Yanzi No.[2014] B039 issued by Sichuan Jinlai Accounting Firm Co., Ltd. In July 2016, the shares of Hongmei Intelligent, held by the Company has transferred to Sichuan Changhong AC Co., Ltd., after transferred, Changhong AC has 99% equity of Hongmei Intelligent, the Company has no shares of Hongmei Intelligent directly.

3) Mianyang Meiling Refrigeration Co., Ltd. (hereinafter referred to as Mianyang Meiling), a limited liability company jointly set up by the Company and China-tech Meiling Company, was founded on Mar. 6, 2009. Its registered capital and paid-in capital 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 [CXKY (2009) No. 008] of Sichuan Xingrui Certified Public Accountants. On 19 January 2011, the Company increase RMB 50 million in capital of Mianyang Meiling, of which RMB 95 million invested by the Company, a 95% of total register capital while RMB 5 million invested by Zhongke Meiling, a 5% of total capital occupied. The paid-in capital has been verified by Capital Verification Report [XYZH/2010CDA6040] from Chengdu Branch of Shinewing CPA CO., Ltd. In 2011, Zhongke Meiling entered into "Equity Transfer Agreement" with Jiangxi Meiling Refrigeration Co., Ltd. 5 percent equity of Mianyang Meiling held by Zhongke Meiling was transferred to Jiangxi Meiling Refrigerator. In September 2013, Jiangxi Meiling Refrigeration was combined by Jiangxi Meiling Electric Appliance Co., Ltd, than 5 percent equity was transfer to Jiangxi Meiling Electric Appliance.

4) Jiangxi Meiling Electric Appliance Co., Ltd. (hereinafter referred to as Jiangxi Meiling Electric Appliance) was a limited

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liability company jointly established by the Company and Mianyang Meiling on 23 May 2011. Register capital of the company totally as RMB 50 million, RMB 49.375 million invested by the Company, 98.75% in total register capital while RMB 0.625 million invested by Mianyang Meiling, a 1.25% in total register capital occupied. The initial investment RMB 10.50 million was received dated 13 May 2011 with RMB 10 million from the Company and RMB 0.5 million from Mianyang Meiling. Rest of the capital shall be invested fully within 2 years after the joint ventures established according to capital requirement. The initial investment capital were verified by the Capital Verification Report [JXKYZi (2011) No. 090] issued from Jingdezhen Xingci CPA Co., Ltd. Second capital RMB 39.5 million was fully funded on 28 July 2011, the Company contributed RMB 39.375 million while Mianyang Meiling Company invested RMB 125,000, the contributions have been verified by the capital verification report [Jing Xing Kuai Yan Zi (2011) No.: 134] issued from JDZ Xingci CPA Co., Ltd.

5) Hefei Meiling Electric 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 Zhengda 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 transferees 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) Jinan Xiangyou Electric 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.

8) Nanchang Xiangyou Electric 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 acquired 49% equity interests from the minority shareholders in 2014, Meiling Marketing totally holds 85% equity of Nanchang Xiangyou.

9) Wuhan Meizirong Electric 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.

10) Zhengzhou Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Zhengzhou Meiling) was established dated 17

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January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.08 million, accounted for 36% of the registered capital. In 2013, Meiling Marketing purchased 10% equity from minority; Meiling Marketing signed equity transfer agreement with the minority shareholders in April 2015, to acquire as the transferee the 39% equity interests of Zhengzhou Meiling held by minority shareholders, Meiling Marketing acquired 10% equity interests from the minority shareholders in February 2016; and after acquiring 5% equity from minority in 2017, Meiling Marketing totally holds 100% equity of Zhengzhou Meiling.

11) Chengdu Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Chengdu Meiling) was established dated 26 January 2011 with registered capital of RMB 5 million; Meiling Marketing invested RMB 4.17 million, accounted for 83.4% of the registered capital; After Meiling Marketing purchased 9% equity from minority in 2015, purchased 0.8% equity from minority in 2016, and purchased 1.2% equity from minority in 2018, Meiling Marketing totally holds 96% equity of Chengdu Meiling.

12) Fuzhou Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Fuzhou Meiling) was established dated 25 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.97 million, accounted for 99% of the registered capital; in 2017, after acquiring 1% equity from the minority, Meiling Marketing holds 100% equity of Fuzhou Meiling in total.

13) Nanjing Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Nanjing Meiling) was established dated 14 Feb. 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.97 million, accounted for 99% of the registered capital; in 2017, after acquiring 1% equity from the minority, Meiling Marketing holds 100% equity of Nanjing Meiling in total.

14) Taiyuan Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Taiyuan Meiling) was established dated 18 January 2011 with registered capital of RMB 4 million; Meiling Marketing invested RMB 1.59 million, accounted for 39.75% of the registered capital; after Meiling Marketing purchased 45.5% equity from minority in 2013, after purchased 14.75% equity from minority in 2016, Meiling Marketing totally holds 100% equity of the Taiyuan Meiling.

15) Changsha Meiling Electric 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 Meiling

16) Hangzhou Meiling Electric 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 transfer 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.

17) Shanghai Meiling Electric 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.

18) Guangzhou Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Guangzhou Meiling) was established dated 13

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May 2011 with registered capital of 5 million Yuan; Meiling Marketing invested 4.3 million Yuan, accounted for 86% of the registered capital; after Meiling Marketing acquired 12% equity interests from the minority shareholders in 2014, Meiling Marketing totally held the 98% equity interests of Guangzhou Meiling.

19) Tianjin Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Tianjin Meiling) was established dated 2 March 2011 with registered capital of 3 million Yuan; Meiling Marketing invested 2.565 million Yuan, accounted for 85.5% of the registered capital; In 2015, Meiling Marketing and Jiangxi Meiling Appliances entered into equity transfer agreements with minority shareholders respectively, to acquire as the transfers the 14.1% and 0.4% equity interests of Guangxi Weidian held by minority shareholders. Upon completion of equity transfer in December 2015, Meiling Marketing totally held the entire equity interests of Tianjin Meiling.

20) Beijing Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Beijing Meiling) was established dated 28 March 2011 with registered capital of 3 million Yuan; Meiling Marketing invested 2.97 million Yuan, accounted for 99% of the registered capital; in 2017, after acquiring 1% equity from the minority shareholders, Meiling Marketing holds 100% equity of the Beijing Meiling in total.

21) Hefei Meiling Nonferrous Metal Products Co., Ltd. (hereinafter referred to as Nonferrous Metal) was the Sino-foreign joint venture jointly set up by original Meiling Group, Hefei Meiling Copper Co., Ltd. And Singapore Kim Shin Development Co., Ltd., which have been originally approved by the [WJMWFFZZ (1996) No.349] of Foreign Trade and Economic Committee of Anhui Province. Its registered capital was US\$ 2.92 million upon establishment, of which, original Meiling Group invested US\$ 1.46 million (monetary capital), accounting 50% of the registered capital, Hefei Meiling Copper Co., Ltd invested US\$ 0.584 million (monetary capital of RMB 0.18 million and real assets of US\$ 0.404 million), accounting 20% of registered capital while Singapore Kim Shin Development Co., Ltd invested US\$ 0.876 million (monetary capital), accounting 30% of the registered capital. The above mentioned investment verified by the verification report of [HSWZ (1995) No. 0737], [HSWZ (1996) No. 328] and [HSWZ(1998) No. 088] from Anhui CPAs Co., Ltd. In July 2008, approved by [HWS(2008) No.53] from Foreign Trade Economic Cooperation Bureau of Hefei City, 30% equity and 20% equity held by Singapore Kim Shin Development Co., Ltd and Hefei Meiling Copper Co., Ltd respectively transferred to original Meiling Group Totally. The Company's register capital came into RMB 24,286,808.00 after transference, and was not the joint-venture any more.

22) Guangdong Changhong Ridian Technology Co., Ltd. (hereinafter referred to as Changhong Ridian) is a limited liability company invested and established by Sichuan Changhong Electric Co., Ltd. (hereinafter referred to as Sichuan Changhong) and Sichuan Changhong Motor Transport Co., Ltd. (hereinafter referred to as Changhong Motor Transport Company) on May 25, 2016. The registered capital and paid-in capital are RMB 40 million Yuan, of which Sichuan Changhong has invested 32 million Yuan by monetary capital, accounting for 80% of the registered capital; Changhong Motor Transport Company has invested 8 million Yuan, accounting for 20% of the registered capital. The official receipts of registered capital have been verified by original Sichuan Junhe Accounting Firm [No. JHYZ (2006) 3027]. Changhong Ridian increased registered capital of 43 million Yuan on January 4, 2007, changing from 40 million Yuan to 83 million Yuan, for the newly increased 43 million Yuan, Sichuan Changhong invested 1.8 million Yuan, Guangdong Xiongfeng Electric Co., Ltd. invested 40 million Yuan, and Kou Huameng and other 9 natural person shareholders invested 1.2 million Yuan, at the same time, the shareholders' meeting considered and agreed to transfer the investment of 8 million Yuan of Changhong Motor Transport Company to Sichuan Changhong Venture Investment Co., Ltd, the structure of the registered capital after changes was that Sichuan Changhong invested 33.8 million Yuan, accounting for 40.72%; Guangdong Xiongfeng Electric Co., Ltd. invested 40 million Yuan, accounting for 48.19%; Sichuan Changhong Venture Investment Co., Ltd Invested 8 million Yuan, accounting for 9.64%; Kou Huameng and other 9 natural person shareholders invested 1.2 million Yuan, accounting for 1.45%. The change of registered capital was verified by Zhongshan Promise Accounting Firm [No. ZCHZ (2007)501010].

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

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

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

23) 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. In accordance with the Article of Association, registered capital of Changmei Technology was 50 million Yuan, including 48.128 million Yuan contributed by the Company in cash, a 96.256% in the contribution capital, the management team contribute 1.872 million Yuan in cash, a 3.744% in contribution capital.

24) CHANGHONG MEILING ELECTRIC INDONESIA, 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, rests of the 2.94 million US dollars are subscribed by Zhongshan Changhong in line with the agreement.

25) Changhong Ruba Trading Company (Private) Limited (hereinafter referred to as Changhong Ruba) was a joint venture established by Zhongshan Changhong Appliances Company Limited and RUBA GENERAL TRADING FZE Company ("RUBA") on 5 August 2011 with the approval from Guangdong Development and Reform Commission by issuance of the Approval Relating to Joint Construction of a Manufacturing and Selling Platform Project in Pakistan by Zhongshan Changhong Appliances Company Limited (YFGWZ(2011)958). The resolution of the second extraordinary shareholders' meeting of Zhongshan Changhong in 2016 passed the "Proposal on the Company's Capital Increase to Changhong Ruba Trading Company (Private) Limited", and agreed that the company and UAE RUBA Company jointly increase capital to Changhong Ruba

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Trading Company(Private) Limited which was invested by both sides in Pakistan at an earlier stage, Zhongshan Changhong invested 3.84 million US dollars in this capital increase, and UAE RUBA Company invested 2.56 million US dollars, the shares held by both sides remained unchanged. After the capital increase, the company's registered capital became 12.4 million US dollars, of which Zhongshan Changhong Home Appliances Company Limited invested 7.44 million US dollars in cash, shareholding ratio was 60%, UAE RUBA Company invested 4.96 million US dollars in cash, and shareholding ratio was 40%.

26) 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 equivalent of RMB 2 million shares. The registered capital receipt was verified by the verification report [CGYYZ (2008) No. 177] of Sichuan Guangyuan Certified Public Accountants Co., Ltd. and [HLTHYZ(2008) No. 12-006] of Sichuan Henglitai Certified Public Accountants Co., Ltd. In December 2009, the Company obtained 100% equity of Changhong Air-conditioner by consolidated under the same control. In 2017, the Company increased capital of 650 million Yuan to Changhong Air Conditioner, after capital increased, registered capital of Sichuan Changhong comes to 850 million Yuan from 200 million Yuan, share holding still counted as 100%.

27) Zhongshan Changhong Electric Co., LTD (hereinafter referred to as Zhongshan Changhong), was the original Guangdong Changhong Electric Co., Ltd., and is a limited liability company jointly set up by Sichuan Changhong and China Minmetals on May 22, 2001. Its registered capital was RMB 80 million upon establishment, of which, Sichuan Changhong invested RMB 72 million, including RMB 69.3 million bidding for the estate/ non-estate from original Zhongshan Sanrong Air-conditioner Co., Ltd. And its patent use-right of RMB2.7 million, accounting for 90% of the registered capital; 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.

28) Hefei Meiling Group Holdings Limited (hereinafter referred to as Meiling Group), was the state-owned company originally approved by People's Government of Hefei Province and established authorized by SASAC of Hefei City. On July 14, 2008, 100% state-owned equity of Meiling Group has freely transferred to Xingtai Holding by Hefei SASAC. Agreement by the approval of < State-owned property agreement transfer from Meiling Group> [HGZCQ(2010) No.34] of Hefei SASAC on April 9, 2010, 100% state-owned property of Meiling Group after partial assets and liabilities separated transferred to the Company from Xingtai Holding as amount of RMB 113.2 million. The re-registration of industrial and commercial procedure for Meiling Group after separated partial assets liability has finished on July 28, 2010. The new Meiling Group has register capital of RMB 80 million, and has been verified by the [AD (2010) YZD No. 016] from Anhui Auding CPAs Co., Ltd.

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29) 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), which have been approved by the [SWZWFZZ(2004) No.0103] of Approval Certificate of Foreign Enterprise from People's Government of Anhui Province. Its registered capital was US\$ 3 million upon establishment, of which, Sino company invested US\$ 2.25 million in machinery equipment, accounting 75% of the registered capital while foreign company invested US\$ 0.5 million in monetary capital and US\$ 0.25 million in intangible assets, amounting to US\$0.75 million, accounting 25% of the registered capital. The above mentioned investment verified by the verification report of [WYAYZ (2004) No. 135] from Anhui Yongan CPAs Co., Ltd. In July 2007, approved by [HWJ(2007) No.136] from Foreign Trade Economic Cooperation Bureau of Hefei City, 25% equity held by EQUATOR transferred to Anhui Meiling Electric Co., Ltd. Totally. The Company's register capital came into RMB 24,793,200 after transference, and was not the joint-venture any more. 25% equity owned by Anhui Meiling Electric Co., Ltd has been transferred totally to original Meiling Group in July 2009.

30) Hefei Equator Appliance Co., Ltd.(hereinafter referred to as Equator Appliance) was jointly set up by original Meiling Group and Yingkaite Appliance on September 26, 2007. Its register capital was RMB 12 million, among which, original Meiling Group invested 8,670,600 Yuan in monetary capital, accounting 72.255% in registered capital; Equator Appliance invested 3,329,400 Yuan in the assessment value of intangible assets (land-use right), accounting 27.745% of total registered capital. The investment being verified by [WYAZ (2004) No. 135] from Anhui Yongan CPAs Co., Ltd.

31) 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.

32) Hongyuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.(hereinafter referred to as Hongyuan Zhongshan) was established and invested on 18 July 2017 with registered capital of 15 million Yuan, The Hongyuan Ground Energy Heat Pump Tech. Co., Ltd contributed 1.5 million Yuan with own funds and takes 100% in the registered capital. In 2018, the shareholders of the Hongyuan Zhongshan decided to increase capital of 30 million Yuan, and contributed by the shareholder Hongyuan Ground Energy; thus registered capital of Hongyuan Zhongshan up to 45 million Yuan

33) 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.

34) Guangzhou Changhong Trading Co., Ltd. (hereinafter referred to as Changhong Trading) was established on 6 Jan. 2017, the wholly-owned subsidiary of Zhongshan Changhong Electric Co., LTD (hereinafter referred to as Zhongshan Changhong) with registered capital of one million Yuan

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35) Zhongshan Hongling Trading Co., Ltd. (hereinafter referred to as Hongling Trading) was established on 5 December 2016 with registered capital of one hundred million Yuan. The Guangdong Changhong Ridian Technology Co., Ltd. contributed one hundred million Yuan with own funds and takes 100% in the registered capital.

36) Hebei Hongmao Household Appliance Technology Co., Ltd (hereinafter referred to as Hebei Hongmao) was established on 21 July 2017 with registered capital of 5 million Yuan. Guangdong Changhong Ridian Technology Co., Ltd. invested 5 million Yuan by own fund and takes 100% in registered capital.

(2) Major non-wholly-owned subsidiary

Subsidiary	Shareholding ratio of minority	Gains/losses attributable to minority in the year	Dividend distributed to minority announced in the year	Balance of minority's interest at period-end
Meiling CANDY	40.00%	-2,707,503.04		36,457,676.84
Changmei Technology	3.744%	-737,670.96		417,073.88
Zhongke Meiling	33.13%	5,122,879.24	-1,364,418.00	45,495,664.06
Hongyuan Ground Energy	49.00%	-5,568,076.55		17,135,411.07
Changhong Ridian	1.145%	175,896.21		1,556,765.22

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

Subsidiary	Balance at year-end					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Meiling CANDY	208,478,686.47	633,265.82	209,111,952.29	111,545,406.70	6,422,353.48	117,967,760.18
Changmei Technology	8,459,569.81	12,071,248.03	20,530,817.84	8,889,062.92	501,961.24	9,391,024.16
Zhongke Meiling	147,911,974.23	128,385,679.37	276,297,653.60	132,039,203.60	6,932,380.00	138,971,583.60
Hongyuan Ground Energy	153,302,595.60	34,694,234.27	187,996,829.87	148,809,162.62	4,217,440.58	153,026,603.20
Changhong Ridian	307,995,738.66	59,236,288.32	367,232,026.98	231,048,365.86	171,540.98	231,219,906.84

(Continued)

Subsidiary	Balance at year-begin					
	Current assets	Non-current assets	Total assets	Current liability	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 Technology	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

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Subsidiary	Balance at year-begin				
	Changhong Ridian	258,631,530.72	58,759,575.56	317,391,106.28	196,746,760.43

(Continued)

Subsidiary	Current Year			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Meiling CANDY	468,389,142.46	-6,768,757.59	-6,768,757.59	-24,223,592.67
Changmei Technology	26,839,141.37	-17,947,299.32	-17,947,299.32	-17,689,892.58
Zhongke Meiling	185,678,757.29	15,463,119.14	15,463,119.14	32,609,413.80
Hongyuan Ground Energy	448,481,933.01	-11,363,421.53	-11,363,421.53	-7,732,643.87
Changhong Ridian	525,992,095.11	15,367,774.29	15,367,774.29	57,919,926.89

Subsidiary	Last Year			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Meiling CANDY	277,854,553.21	-2,087,050.30	-2,087,050.30	-39,773,751.02
Changmei Technology	17,810,174.84	-13,495,001.36	-13,495,001.36	-15,043,776.44
Zhongke Meiling	143,090,796.12	12,482,579.70	12,482,579.70	57,581,102.60
Hongyuan Ground Energy	558,282,516.59	-3,509,163.01	-3,509,163.01	7,690,824.95
Changhong Ridian	475,756,667.69	11,526,478.55	11,526,478.55	-1,322,277.27

(Continued)

(4) Major limitation on using enterprise group's assets and liquidate debts of enterprise group: Nil

(5) Offering financial supporting or other supports for structured entity that included in consolidation statement scope: Nil

2. Changes of owner' equity shares in subsidiary and its impacts

Item	Changmei Technology	Chengdu Meiling	Total
Original ratio of shares held	95.00%	94.80%	
Equity purchased from minority	1.256%	1.20%	
Share issuance			
Ratio of shares held at period-end	96.256%	96.00%	

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Cost of purchasing minority equity		1.00	1.00
Less: Ratio of the net assets measured by equity ratio while acquiring the subsidiary	-328,665.92	-108,078.69	-436,744.61
Equity dilution for shares issuance			
Balance	328,665.92	108,079.69	436,745.61
Including: Capital public reserve adjusted	-328,665.92	-108,079.69	-436,745.61

In 2018, the subsidiary Changmei Technology Co., Ltd. received the subscribed capital contribution in the current period, which led to an increase in the company's shareholding ratio, the balance between the newly acquired long-term equity investment and the share of net assets that the subsidiary should continuously calculate from the date of purchase according to the newly increased shareholding ratio was 328,665.92 yuan and was included in the capital reserve.

The rest was the acquisition of the minority shareholder's stock equity of Chengdu marketing subsidiaries; the balance between the newly acquired long-term equity investment and the share of net assets that the subsidiary should continuously calculate from the date of purchase according to the newly increased shareholding ratio was 108,079.69 yuan and was included in the capital reserve.

3. Equity in joint venture or associate enterprise

(1) Major joint venture or associate enterprise

Joint venture or associate enterprise	Main office place	Register place	Business nature	Shareholding ratio(%)		Accounting treatment for investment of joint venture or associate enterprise
				Directly	Indirectly	
associate enterprise:						
1.ChanghongRubaElectricCompany (Private)Ltd.	Lahore, Pakistan	Lahore	Manufactures, sales		40.00	Equity
2.Hefei Xingmei Assets Management Co., Ltd.	Hefei	Hefei	Rental, agency	48.28		Equity
3.Sichuan Zhiyijia Network Technology Co., Ltd.	Mianyang	Mianyang	Sales	30.00		Equity
4.Hongyuan Ground Energy Heat Tech. Co., Ltd.	Mianyang	Mianyang	R & D, sales, after-sales		49.00	Equity
5.Sichuan Tianyou Guigu Technology Co., Ltd.	Mianyang	Mianyang	Manufactures, sales		25.00	Equity
6.Chengdu Guigu Environmental Tech. Co., Ltd.	Chengdu	Chengdu	R&D, manufacturing and sales		25.00	Equity

(2) Financial information for major Joint venture: Nil

(3) Financial information for associate enterprise

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Item	Balance at year-end / Current Year					
	Changhong Ruba Electric Company (Private) Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hongyuan Ground Energy Heat Tech. Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.	Chengdu Guigu Environmental Tech. Co., Ltd.
Current assets	91,897,615.22	2,675,645.87	2,183,231,308.63	58,433,074.33	21,327,002.48	14,543,169.26
Including: cash and cash equivalent	2,226,184.18	2,568,442.61	1,051,202,920.87	1,874,763.97	14,337,275.36	2,753,804.68
Non-current assets	61,362,584.22	18,201,870.67	9,053,276.55	15,117,799.85	17,218,667.66	15,241,625.80
Total assets	153,260,199.44	20,877,516.54	2,192,284,585.18	73,550,874.18	38,545,670.14	29,784,795.06
Current liability	122,588,154.92	1,366,126.17	2,151,196,374.07	26,304,400.02	10,083,081.69	8,538,705.26
Non-current liability			685,260.00			
Total liabilities	122,588,154.92	1,366,126.17	2,151,881,634.07	26,304,400.02	10,083,081.69	8,538,705.26
Minority's interest						
Equity attributable to shareholder of parent company	30,672,044.52	19,511,390.37	40,402,951.11	47,246,474.16	28,462,588.45	21,246,089.80
Share of net assets measured by shareholding	14,069,807.22	9,420,099.27	12,120,885.32	23,150,772.34	7,115,647.11	5,311,522.45
Adjustment						
--Goodwill						3,887,027.34
Unrealized profit of the internal downstream transactions	5,020,111.59		8,138,518.55	1,835.80	4,693.04	41,161.52
Unrealized profit of the internal upstream transactions						
Other						
Book value of the equity investment for associate enterprise	9,049,695.63	9,420,099.27	3,982,366.77	23,148,936.54	7,110,954.07	9,157,388.27
Fair value of equity investment for the affiliates with consideration publicly						
Operation income	126,228,221.53	13,454.00	5,175,169,302.80	39,721,874.63	183,198.16	10,363,359.09
Financial expenses	255,291.28	-8,196.38	-3,389,797.02	94,474.40	-506,304.50	-77,635.70
Income tax expenses	1,968,285.62		3,209,840.03			
Net profit	-37,897,887.71	-2,644,744.77	-11,083,431.22	562,504.24	-5,354,573.64	-9,683,757.18
Net profit of discontinuing operation						
Other comprehensive income	-9,379,706.16					
Total comprehensive income	-47,277,593.87	-2,644,744.77	-11,083,431.22	562,504.24	-5,354,573.64	-9,683,757.18
Dividend received from associate enterprise in the year						

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(Continued)

Item	Balance at year-begin/Last Year					
	Changhong Ruba Electric Company (Private) Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hongyuan Ground Energy Heat Tech. Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.	Chengdu Guigu Environmental Tech. Co., Ltd.
Current assets	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: cash and cash equivalent	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-current assets	78,294,101.64	19,165,528.20	12,785,020.28	22,196,510.71	22,653,214.86	14,763,246.75
Total assets	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
Current liability	101,946,761.66	467,877.65	1,968,696,873.26	36,418,439.29	10,560,118.93	5,616,492.78
Non-current liability			1,100,000.00			
Total liabilities	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		
Equity attributable to shareholder of parent company	77,949,638.39	22,156,135.14	51,486,382.33	46,651,595.63	33,817,162.09	30,929,846.98
Share of net assets measured by shareholding	32,980,844.78	10,696,982.04	15,445,914.69	22,859,281.86	8,454,290.52	7,732,461.75
Adjustment						
--Goodwill						3,887,027.34
Unrealized profit of the internal downstream transactions	5,088,527.78		4,750,343.71	1,714,308.77	5,425.01	1,843.72
Unrealized profit of the internal upstream transactions	38,317.94					
Other						
Book value of the equity investment for associate enterprise	27,930,634.94	10,696,982.04	10,695,570.98	21,144,973.09	8,448,865.51	11,617,645.36
Fair value of equity investment for the affiliates with consideration publicly						
Operation income	212,999,989.11	300,194.18	4,370,072,582.79	58,655,187.06	2,795,228.37	10,528,831.02
Financial expenses	5,983,098.16	-10,564.98	-21,149,435.34	310,303.64	-617,995.91	-296,615.91
Income tax expenses	2,420,332.80		9,953,258.77	24,574.36		
Net profit	-5,238,761.17	-3,516,608.01	14,491,149.92	-6,449,734.18	2,720,616.95	-5,097,364.17
Net profit of discontinuing operation						
Other comprehensive income	-9,395,466.24					
Total comprehensive income	-14,634,227.41	-3,516,608.01	14,491,149.92	-6,449,734.18	2,720,616.95	-5,097,364.17

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Item	Balance at year-begin/Last Year					
	Changhong Ruba Electric Company (Private) Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyija Network Technology Co., Ltd.	Hongyuan Ground Energy Heat Tech. Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.	Chengdu Guigu Environmental Tech. Co., Ltd.
Dividend received from associate enterprise in the year						

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

Item	Balance at year-end /Current Year	Balance at year-begin /Last Year
associate enterprise		
Total book value of investment		
Total amount measured by shareholding ratio		
--net profit	-1,780,729.52	-6,505,292.40
--Other comprehensive income		
-- Total comprehensive income	-1,780,729.52	-6,505,292.40

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

(6) Excess loss occurred in joint venture or affiliates: Nil

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

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

4. Major conduct joint operation: Nil

5. Structured body excluding in consolidate financial statement: Nil

IX. Relevant risks related with financial instrument

The major financial instruments of the Company include borrowings, account receivables, account payable, tradable financial assets, tradable financial liability, the details of which are set out in Note VI. Risks related to these financial instruments include exchange risks and interest rate risks. The management of the Company controls and monitors the risk exposures to ensure the above risks are under control.

In connection with exchange risks, in order to prevent from exchange risks arising from foreign currency transaction amount, foreign currency dominated loans and interest expenditure, the Company entered into several forward exchange contracts with banks. Fair value of the forward exchange contract which has been recognized as derivative financial instrument has been included in profits and losses. As export business is increasing, if risks that are out of control of the Company occur such as appreciation of RMB, the Company will mitigate the relevant risks by adjusting its sales policy.

The Company's interest rate risk arises from bank borrowings and interest-bearing debt. Financial liabilities at floating rate expose the Company to cash flow interest rate risk, and financial liabilities at fixed rate expose the Company to fair value interest rate risk. The Company will determine the respective proportion of

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contracts at fixed and floating rates based on the prevailing market conditions. As of 31 December 2018, the interest-bearing debts mainly referred to borrowing contracts at floating rate denominated in RMB with total amount of 2,022,674,350.10 Yuan, the floating rate loan contract measured by RMB amounted as 9,200,000.00 Yuan in total; borrowing contracts at fixed rate denominated in USD with total amount of 556,719,579.52 Yuan. Risks relating to change of fair value of financial instruments arising from movement of interest rate mainly related to bank borrowings at fixed rate. As for borrowings at fixed rate, the Company aims to keep its floating rate. Risks relating to change of cash flow of financial instruments arising from movement of interest rate mainly related to bank borrowings at floating rate. The Company establishes its policy to keep floating rate for these borrowings so as to eliminate fair value risk arising from movement of interest rate.

X. Fair value disclosure

1. Asset and liability measured by fair value at end of the period and fair value measurement level

Item	Fair value at year-end			
	1 st level	2 nd level	3 rd level	Total
Financial assets measured by fair value and with variation reckoned into current gains/losses				
1.Tradable financial assets				
(1)Derivative financial assets		9,253,635.59		9,253,635.59
Financial liabilities measured by fair value and with variation reckoned into current gains/losses				
1.Tradable financial liability				
(1)Derivative financial liability		55,586,666.70		55,586,666.70

The derivative contract is measured by fair value on 2nd 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	4,616,244,222.00	26.73%	26.73%

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.

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(2) Register capital and change thereof of controlling shareholder

Controlling shareholder	Balance at year-begin	Increased in the Year	Decreased in the Year	Balance at year-end
Sichuan Changhong Electric Co., Ltd.	4,616,244,222.00			4,616,244,222.00

(3) Shares held by the controlling shareholder and its changes on equity

Controlling shareholder	Amount of shares held		Shareholding ratio	
	Balance at year-end	Balance at year-begin	Ratio at year-end	Ratio at year-beginning
Sichuan Changhong Electric Co., Ltd.	279,200,104.00	265,601,410.00	26.73%	25.43%

2. Subsidiary

Found more in Note “VIII. 1 (1) Enterprise group composition”

3. Joint venture and associated enterprise

Major Joint venture and associated enterprise of the Company found more in Note “VIII. 3 (1) major joint venture and associated enterprise”. Other Joint venture and associated enterprise that have related transactions occurred with the Company in the period or occurred in last period, and with balance results:

Joint venture and associated enterprise	Relationship with the company
Hefei Meiling Solar Energy Technology Co., Ltd.	Associated enterprise of subsidiary Meiling Group
ChanghongRubaElectricCompany(Private)Ltd.	Associated enterprise of subsidiary Zhongshan Changhong
Hefei Xingmei Assets Management Co., Ltd.	Associated enterprise of the Company
Sichuan Zhiyijia Network Technology Co., Ltd.	Associated enterprise of the Company, has the same controlling shareholder and actual control of the Company
Hongyuan Ground Energy Heat Tech. Co., Ltd.	Associated enterprise of subsidiary Changhong Air-conditioner
Sichuan Tianyou Guigu Technology Co., Ltd.	Associated enterprise of subsidiary Changhong Air-conditioner
Chengdu Guigu Environmental Tech. Co., Ltd.	Associated enterprise of subsidiary Changhong Air-conditioner

4. Other related parties

Related party	Relationship with the company
Sichuan Yunyou Internet Tech. Co., Ltd.	Associated enterprise of other enterprise that have the same controlling shareholder
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 Changhong New Energy Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller

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Related party	Relationship with the company
081 Electronic Group	Control by same controlling shareholder and ultimate controller
Guangdong Changhong Electronics Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Device Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Xinrui 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 Huafeng Corp. Group	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Property Service Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Ailian Science & Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Education Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Electronic System Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Communication Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Aichuang Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Hunan Grand-Pro Intelligent Tech. Company	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Electronic Products Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Minsheng Logistics Co., LTD	Control by same controlling shareholder and ultimate controller
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongxin Software Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong International Hotel Co., Ltd.	Control by same controlling shareholder and ultimate controller
CHANGHONG(HK)TRADINGLIMITED	Control by same controlling shareholder and ultimate controller
Sichuan Changhong International Travel Service Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongwei Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Lejiayi Chain Management Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Network Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Shenzhen YijEn Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jiahua Information Products Co., Ltd.	Control by same controlling shareholder and ultimate controller

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Related party	Relationship with the company
BVCH Optronics (Sichuan) Co., Ltd.	Control by same controlling shareholder and ultimate controller
Hefei Changhong New Energy Science & Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
PT.CHANGHONGELECTRICINDONESIA	Control by same controlling shareholder and ultimate controller
CHANGHONGELECTRIC(AUSTRALIA)	Control by same controlling shareholder and ultimate controller
Hefei Changhong Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Property Co., Ltd.	Control by same controlling shareholder and ultimate controller
Chengdu Changhong Electronic Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Wisdom Health Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Huanyu Industrial Co. Ltd.	Control by same controlling shareholder and ultimate controller
Mianyang Technology Town Big Data Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Group Finance Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Power Source Co., Ltd.	Control by same controlling shareholder and ultimate controller
GuangYuan Changhong Electronic Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Venture Investment Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guangyuan Hongcheng Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Energy Sunshine Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Electronics Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongcheng Real Estate Co., Ltd.	Control by same controlling shareholder and ultimate controller
Orion.PDP.Co.,ltd	Control by same controlling shareholder and ultimate controller
Changhong International Holdings (Hong Kong) Co., Ltd.	Control by same controlling shareholder and ultimate controller
Changhong Europe Electric s.r.o	Control by same controlling shareholder and ultimate controller
Yibin Red-Star Electronics Co., Ltd.	Control by same controlling shareholder and ultimate controller
CHANGHONG ELECTRIC MIDDLEEASTFZE	Control by same controlling shareholder and ultimate controller
Yuanxin Financial Lease Co., Ltd.	Control by same controlling shareholder and ultimate controller
Beijing Changhong Tech. Co. Ltd,	Control by same controlling shareholder and ultimate controller
Sichuan Hongcheng Construction Engineering Co., Ltd.	Control by same controlling shareholder and ultimate controller
Anhui Xinhao Plasma Display Panel Co., Ltd.	Control by same controlling shareholder and ultimate controller

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From 1 January 2018 to 31 December 2018

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

Related party	Relationship with the company
Sichuan Changhong Electronics Holding Group Co., Ltd.	Parent company of controlling shareholder
Sichuan Hongyu Metal Manufacturing Co., Ltd.	Associated enterprise of controlling shareholder
Sichuan Changhe Technology Co., Ltd. ^{Note}	Associated enterprise of controlling shareholder
Sichuan Changxin Refrigeration Parts Co., Ltd.	Associated enterprise of controlling shareholder
Mianyang Highly Electric Co., Ltd.	Associated enterprise of controlling shareholder
Chengdu HOPE Testing Tech. Co. Ltd.	Associated enterprise of controlling shareholder
Sichuan Family Help Electric Service Co., Ltd.	Associated enterprise of controlling shareholder

In July 2018, Sichuan Changhong Innovation Investment Co., Ltd. sold all shareholdings of Sichuan Changhe Technology Co., Ltd., Sichuan Changhe Technology Co., Ltd. is no longer a related party of the Company.

(ii) Related transactions

1. Purchasing commodity

Related party	Content	Current Year (10 thousand Yuan)	Last Year (10 thousand Yuan)
Sichuan Changhong Electric Co., Ltd.	Purchasing commodity	33,040.87	35,306.58
Sichuan Changhong Electronics Holding Group Co., Ltd.	Purchasing commodity		0.49
Changhong Huayi Compressor Co., Ltd.	Purchasing commodity	53,248.03	37,169.68
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Purchasing commodity	73,348.73	69,088.66
Sichuan Changhong Jijia Fine Co., Ltd.	Purchasing commodity	30,669.97	36,871.44
Sichuan Changhong Package Printing Co., Ltd.	Purchasing commodity	10,413.66	11,148.32
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Purchasing commodity	6,325.00	5,904.39
Sichuan Changhong New Energy Technology Co., Ltd.	Purchasing commodity	4.18	3.09
081 Electronic Group	Purchasing commodity	184.39	334.84
Guangdong Changhong Electronics Co., Ltd.	Purchasing commodity	423.80	1,460.11
Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	Purchasing commodity	47.03	253.85
Sichuan Changhong Device Tech. Co., Ltd.	Purchasing commodity		4,112.64
Sichuan Changhong Xinrui Tech. Co. Ltd.	Purchasing commodity		4,902.37
Sichuan Jiahong Industrial Co., Ltd.	Purchasing commodity	17.65	
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing commodity	20.78	0.92
Sichuan Huafeng Corp. Group	Purchasing commodity		1.40

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Related party	Content	Current Year (10 thousand Yuan)	Last Year (10 thousand Yuan)
Sichuan Changhong Property Service Co., Ltd.	Purchasing commodity	0.04	0.04
Sichuan Ailian Science & Technology Co., Ltd.	Purchasing commodity	1,167.16	677.33
Sichuan Changhong Education Technology Co., Ltd.	Purchasing commodity		5.03
Sichuan Hongyu Metal Manufacturing Co., Ltd.	Purchasing commodity	134.82	120.38
Sichuan Changhe Technology Co., Ltd.	Purchasing commodity	378.56	813.46
Sichuan Changxin Refrigeration Parts Co., Ltd.	Purchasing commodity	32,083.39	35,945.19
Mianyang Highly Electric Co., Ltd.	Purchasing commodity	33,607.77	33,122.52
ChanghongRubaElectricCompany(Private)Ltd.	Purchasing commodity	14,566.51	18,285.58
Chengdu Guigu Environmental Tech. Co., Ltd.	Purchasing commodity	3.71	5.81
Sichuan Yunyou Internet Tech. Co., Ltd.	Purchasing commodity	13.31	
Sichuan Changhong Electronic System Co., Ltd.	Purchasing commodity	4.74	
Sichuan Changhong Communication Tech. Co., Ltd.	Purchasing commodity	2.58	
Sichuan Aichuang Technology Co., Ltd.	Purchasing commodity	5,211.18	
Hunan Grand-Pro Intelligent Tech. Company	Purchasing commodity	230.21	
Sichuan Changhong Electronic Products Co., Ltd.	Purchasing commodity	2,885.43	
Total		298,033.50	295,534.12

2. Accept the services

Related party	Content	Current Year	Last Year
Sichuan Changhong Electronics Holding Group Co., Ltd.	Accept the services	921,617.88	197,190.60
Sichuan Changhong Electric Co., Ltd.	Accept the services	23,257,377.60	19,837,460.29
Sichuan Changhong Minsheng Logistics Co., LTD	Accept the services	537,900,775.75	557,786,009.24
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Accept the services	165,894.20	
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Accept the services	194,960,696.99	135,965,733.59
Sichuan Hongxin Software Co., Ltd.	Accept the services	1,130,201.88	1,335,284.55
Guangdong Changhong Electronics Co., Ltd.	Accept the services	1,032,427.98	854,778.18
Sichuan Jiahong Industrial Co., Ltd.	Accept the services	219,734.50	517,553.29
Sichuan Changhong International Hotel Co., Ltd.	Accept the services	388,596.83	349,358.51
CHANGHONG(HK)TRADINGLIMITED	Accept the services		237,531.09
Sichuan Changhong International Travel Service Co., Ltd.	Accept the services	869,951.89	226,030.00
Sichuan Changhong Property Service Co., Ltd.	Accept the services	836,614.81	944,958.16

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Related party	Content	Current Year	Last Year
Sichuan Hongwei Technology Co., Ltd.	Accept the services	518,742.29	497,192.43
Sichuan Zhiyijia Network Technology Co., Ltd.	Accept the services	7,409,344.17	3,973,704.63
Lejiayi Chain Management Co., Ltd.	Accept the services		22,641.51
Sichuan Changhong Network Technology Co., Ltd.	Accept the services	78,651.34	50,798.90
Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	Accept the services	5,900,756.90	196,581.20
Sichuan Changhong Jijia Fine Co., Ltd.	Accept the services		1,794.87
Shenzhen YijEn Technology Co., Ltd.	Accept the services		210,207.55
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Accept the services	115,580.94	73,226.50
Sichuan Changhong Jiahua Information Products Co., Ltd.	Accept the services	6,037.74	
BVCH Optronics (Sichuan) Co., Ltd.	Accept the services	67,935.00	
Sichuan Changhong Electronic Products Co., Ltd.	Accept the services	388,574.88	
Chengdu HOPE Testing Tech. Co. Ltd.	Accept the services	7,566.04	
Sichuan Yunyou Internet Tech. Co., Ltd.	Accept the services	55,440.01	
Total		776,232,519.62	723,278,035.09

3. Purchase fuel and power

Related party	Content	Current Year	Last Year
Sichuan Changhong Electric Co., Ltd.	Purchase fuel and power	20,264,380.43	19,879,944.22
Changhong Huayi Compressor Co., Ltd.	Purchase fuel and power	720,372.91	590,999.14
Guangdong Changhong Electronics Co., Ltd.	Purchase fuel and power	1,680,446.20	1,305,660.00
Sichuan Jiahong Industrial Co., Ltd.	Purchase fuel and power		4,781.60
Hefei Changhong New Energy Science & Technology Co., Ltd.	Purchase fuel and power	377,466.06	395,539.19
Sichuan Changhong Property Service Co., Ltd.	Purchase fuel and power	50,683.70	37,569.05
Total		23,093,349.30	22,214,493.20

4. Sales of goods/offering labor service

Related party	Content	Current Year (10 thousand Yuan)	Last Year (10 thousand Yuan)
Sichuan Changhong Electric Co., Ltd.	Sales of goods	5,163.23	127,288.97
Sichuan Changhong Electronics Holding Group Co., Ltd.	Sales of goods	148.96	102.53
Sichuan Changhong Jijia Fine Co., Ltd.	Sales of goods	5,847.80	6,714.31
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Sales of goods/offering labor service	19,906.13	11,200.34
Lejiayi Chain Management Co., Ltd.	Sales of goods	2,324.80	744.44
PT.CHANGHONGELECTRICINDONESIA	Sales of goods	711.24	2.62
CHANGHONG(HK)TRADINGLIMITED	Sales of goods	21,867.52	36,525.50

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

Related party	Content	Current Year (10 thousand Yuan)	Last Year (10 thousand Yuan)
CHANGHONGELECTRIC(AUSTRALIA)	Sales of goods	2,557.96	1,946.83
Sichuan Hongwei Technology Co., Ltd.	Sales of goods	17.24	13.50
Sichuan Changhong Device Tech. Co., Ltd.	Sales of goods	19.10	28.13
Sichuan Changhong Minsheng Logistics Co., LTD	Sales of goods	252.69	285.09
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Sales of goods	1,443.58	1,780.47
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Sales of goods	1,585.49	1,579.82
Hefei Changhong Industrial Co., Ltd.	Sales of goods	205.04	70.56
Sichuan Huafeng Corp. Group	Sales of goods	29.84	18.34
Sichuan Zhiyijia Network Technology Co., Ltd.	Sales of goods	254,723.26	225,620.35
Sichuan Changhong Property Co., Ltd.	Sales of goods	112.08	322.07
Sichuan Changhong Network Technology Co., Ltd.	Sales of goods	29.41	20.30
Chengdu Changhong Electronic Technology Co., Ltd.	Sales of goods	0.12	
Sichuan Changhong Wisdom Health Tech. Co., Ltd.	Sales of goods	1.02	0.75
Sichuan Changhong Property Service Co., Ltd.	Sales of goods	2.71	5.17
Guangdong Changhong Electronics Co., Ltd.	Sales of goods	298.73	
Sichuan Huanyu Industrial Co. Ltd.	Sales of goods	16.84	12.10
Sichuan Changhong Xinrui Tech. Co. Ltd.	Sales of goods	0.14	2.97
Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	Sales of goods	52.65	2.76
Mianyang Technology Town Big Data Technology Co., Ltd.	Sales of goods	0.26	0.37
BVCH Optronics (Sichuan) Co., Ltd.	Sales of goods	3.35	3.13
Sichuan Changhong Group Finance Co., Ltd.	Sales of goods	5.72	4.05
Changhong Huayi Compressor Co., Ltd.	Sales of goods/offering labor service	62.05	
Sichuan Changhong Package Printing Co., Ltd.	Sales of goods	7.93	5.80
Sichuan Changhong Power Source Co., Ltd.	Sales of goods	10.64	36.02
Sichuan Changhong Education Technology Co., Ltd.	Sales of goods	59.29	330.36
081 Electronic Group	Sales of goods	434.53	12.78
GuangYuan Changhong Electronic Technology Co., Ltd.	Sales of goods	160.00	122.00
Sichuan Ailian Science & Technology Co., Ltd.	Sales of goods	27.80	33.97
Sichuan Changhong Venture Investment Co., Ltd.	Sales of goods	0.20	0.06
Guangyuan Hongcheng Industrial Co., Ltd.	Sales of goods	14.68	0.10
Sichuan Changhong Energy Sunshine Technology Co., Ltd.	Sales of goods	2.45	1.45
Sichuan Changhong Electronics Tech. Co., Ltd.	Sales of goods	1.54	1.18
Sichuan Hongxin Software Co., Ltd.	Sales of goods	3.80	2.35
Sichuan Hongcheng Real Estate Co., Ltd.	Sales of goods	9.46	13.34
Sichuan Jiahong Industrial Co., Ltd.	Sales of goods		11.50
Sichuan Changhong New Energy Technology Co., Ltd.	Sales of goods	35.22	147.86

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

Related party	Content	Current Year (10 thousand Yuan)	Last Year (10 thousand Yuan)
Sichuan Changhong International Hotel Co., Ltd.	Sales of goods	36.19	24.24
Sichuan Changhong Electronic System Co., Ltd.	Sales of goods	2.60	3.23
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Sales of goods	18.06	12.09
Orion.PDP.Co.,Ltd	Sales of goods	2,626.30	1,785.99
Changhong International Holdings (Hong Kong) Co., Ltd.	Sales of goods	58.92	0.24
Sichuan Changxin Refrigeration Parts Co., Ltd.	Sales of goods	8,483.30	10,302.52
Hongyuan Ground Energy Heat Tech. Co., Ltd.	Sales of goods	1,930.51	2,859.77
Sichuan Tianyou Guigu Technology Co., Ltd.	Sales of goods		36.18
Chengdu Guigu Environmental Tech. Co., Ltd.	Sales of goods	356.37	344.04
ChanghongRubaElectricCompany(Private)Ltd.	Sales of goods	5,155.69	2,426.80
Sichuan Changhong Electronic Products Co., Ltd.	Sales of goods	27.04	
ChanghongEuropeElectrics.r.o	Sales of goods	14.14	
Yibin Red-Star Electronics Co., Ltd.	Sales of goods	91.74	
CHANGHONGELECTRICMIDDLEEASTFZE	Sales of goods	1,125.27	
Sichuan Aichuang Technology Co., Ltd.	Sales of goods	247.39	
Yuanxin Financial Lease Co., Ltd.	Sales of goods	0.08	
Hunan Grand-Pro Intelligent Tech. Company	Sales of goods	0.72	
Mianyang Highly Electric Co., Ltd.	Sales of goods	246.13	
Sichuan Family Help Electric Service Co., Ltd.	Sales of goods	0.21	
Total		338,577.16	432,809.34

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

5. Provide fuels

Related party	Content	Current Year	Last Year
Guangdong Changhong Electronics Co., Ltd.	Provide fuels	307,238.26	1,026,102.62
Sichuan Changhong Minsheng Logistics Co., LTD	Provide fuels	29,159.87	103,684.29
Sichuan Changhong Jijia Fine Co., Ltd.	Provide fuels	143,889.85	112,448.30
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Provide fuels	7,853,859.29	6,941,010.76
Sichuan Hongwei Technology Co., Ltd.	Provide fuels	7,793.08	8,533.42
Sichuan Changhong Device Tech. Co., Ltd.	Provide fuels	1,015,274.30	832,738.52
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Provide fuels	9,223.08	
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Provide fuels	3,230.61	
Shenzhen YijEn Technology Co., Ltd.	Provide fuels	5,846.68	

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Related party	Content	Current Year	Last Year
Changhong International Holdings (Hong Kong) Co., Ltd.	Provide fuels	4,430.19	
Total		9,379,945.21	9,024,517.91

6. Related rental

(1) Rent out

Lessor	Lessee	Type of assets	Leasing income in this year	Leasing income in last year
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	forklift	7,696.70	4,837.26
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	Warehouse	79,184.30	40,618.87
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	Apartment	99,247.94	81,670.08
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	Workshop	523,746.18	507,360.00
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	Appliance	556.61	
Changhong Meiling	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Warehouse	330,729.23	260,422.64
Changhong Meiling	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Workshop	1,410,924.28	1,404,540.00
Changhong Meiling	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Apartment	282,190.49	375,219.05
Changhong Meiling	Sichuan Changhong Minsheng Logistics Co., LTD	office	18,969.98	21,216.00
Changhong Meiling	Sichuan Changhong Minsheng Logistics Co., LTD	Apartment	176,666.67	211,489.53
Changhong Meiling	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Apartment	176,352.63	200,087.60
Changhong Meiling	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	office	42,378.38	42,378.38
Changhong Meiling	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Workshop	174,545.46	
Changhong Meiling	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	forklift	3,200.00	
Changhong Meiling	Sichuan Changhong Xinrui Tech. Co. Ltd.	forklift		2,016.51
Changhong Meiling	Sichuan Changhong Xinrui Tech. Co. Ltd.	Warehouse		14,867.93
Changhong Meiling	Sichuan Changhe Technology Co., Ltd.	Warehouse	3,591.96	14,862.27
Changhong Meiling	Hefei Changhong Industrial Co., Ltd.	Apartment	313,664.77	321,493.34
Changhong Meiling	Sichuan Changhong Electric Co., Ltd.	Apartment		69,668.58
Changhong Meiling	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	forklift	2,344.80	1,515.57
Changhong Meiling	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Warehouse	20,125.56	47,207.55
Changhong Meiling	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Apartment	69,339.25	58,975.23

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Lessor	Lessee	Type of assets	Leasing income in this year	Leasing income in last year
Changhong Meiling	Sichuan Ailian Science & Technology Co., Ltd.	Warehouse	2,208.00	84.91
Changhong Meiling	Sichuan Aichuang Technology Co., Ltd.	Warehouse	7,232.60	
Changhong Meiling	Sichuan Aichuang Technology Co., Ltd.	forklift	790.57	
Zhongke Meiling	Sichuan Changhong Minsheng Logistics Co., LTD	Workshop	2,575,560.01	
Changhong Air-conditioner	BVCH Optronics (Sichuan) Co., Ltd.	Freight elevator	52,480.00	52,480.00
Changhong Air-conditioner	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Machinery equipment	24,702.55	25,433.40
Changhong Air-conditioner	Sichuan Changhong Jijia Fine Co., Ltd.	Driving	7,000.00	7,000.00
Changhong Air-conditioner	Sichuan Changxin Refrigeration Parts Co., Ltd.	Processing equipment of U	300,000.00	300,000.00
Zhongshan Changhong	Guangdong Changhong Electronics Co., Ltd.	Office building	996,579.63	1,968,611.69
Zhongshan Changhong	Sichuan Changhong Minsheng Logistics Co., LTD	Parts of the office building rent-out	55,958.48	75,356.98
Zhongshan Changhong	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	2# living area	137,152.72	154,992.85
Zhongshan Changhong	Shenzhen YijEn Technology Co., Ltd.	2# living area		25,428.15
Zhongshan Changhong	Sichuan Changhong Device Tech. Co., Ltd.	2# living area	1,012.07	14,401.17
Zhongshan Changhong	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	2# living area	24,780.88	7,652.88
Zhongshan Changhong	Changhong International Holdings (Hong Kong) Co., Ltd.	2# living area	13,902.33	
Zhongshan Changhong	Sichuan Hongwei Technology Co., Ltd.	2# living area	15,092.52	
Jiangxi Meiling	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Workshop	680,062.00	444,472.38
Mianyang Refrigerator	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Warehouse	60,091.95	62,342.34
Mianyang Refrigerator	Sichuan Changhong Package Printing Co., Ltd.	Warehouse	540.56	
Mianyang Refrigerator	Sichuan Changhe Technology Co., Ltd.	Warehouse	162.16	243.24
Changhong Ridian	Sichuan Changhong Minsheng Logistics Co., LTD	Workshop		777,386.70
Changhong Ridian	Sichuan Changhong Device Tech. Co., Ltd.	Workshop	1,061,129.66	943,041.61
Changhong Ridian	Sichuan Hongwei Technology Co., Ltd.	Workshop	35,218.29	35,218.29
Changhong	Changhong International Holdings (Hong Kong) Co., Ltd.	office	149,724.36	105,853.52

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Lessor	Lessee	Type of assets	Leasing income in this year	Leasing income in last year
Ridian				
Total			9,936,836.53	8,680,446.50

(2) Lessee of related parties

Lessor	Lessee	Type of assets	Leasing expense in this year	Leasing expense last year
Sichuan Changhong Electronics Holding Group Co., Ltd.	Changhong Air-conditioner	Staff dormitory		124,807.63
Sichuan Changhong Property Service Co., Ltd.	Changhong Air-conditioner	Workshop, office	2,055,453.33	1,968,811.61
Sichuan Changhong Electric Co., Ltd.	Changhong Air-conditioner	Workshop, office	9,194,056.12	8,814,057.30
Sichuan Changhong Electric Co., Ltd.	Hongmei Intelligent	Workshop, office	152,546.40	151,172.10
Chengdu Changhong Electronic Technology Co., Ltd.	Hongmei Intelligent	office	325,957.61	192,550.12
Guangdong Changhong Electronics Co., Ltd.	Ground Energy Heat Pump	Staff dormitory	315,135.70	4,763.20
Guangdong Changhong Electronics Co., Ltd.	Ground Energy Heat Pump	Workshop leasing	303,721.21	
Sichuan Changhong Electric Co., Ltd.	Mianyang Refrigerator	Workshop leasing	2,953,516.48	3,522,008.93
Sichuan Changhong Electronics Holding Group Co., Ltd.	Mianyang Refrigerator	Staff dormitory	55,877.94	40,476.00
Sichuan Changhong Property Service Co., Ltd.	Mianyang Refrigerator	Flower lease	8,624.14	2,561.11
Sichuan Changhong Electric Co., Ltd.	Electric Marketing	office		207,723.40
Sichuan Changhong Property Service Co., Ltd.	Changmei Technology	office		13,207.55
Sichuan Changhong Property Service Co., Ltd.	Changmei Technology	Space rental	24,435.56	
Chengdu Changhong Electronic Technology Co., Ltd.	Changmei Technology	office	153,687.60	160,097.46
Sichuan Hongwei Technology Co., Ltd.	Changmei Technology	Server leasing	136,667.56	
Sichuan Changhong Electronics Holding Group Co., Ltd.	Changmei Technology	office	98,316.65	
Guangdong Changhong Electronics Co., Ltd.	Changhong Ridian	Staff dormitory	434,916.54	426,053.39
Sichuan Changhong Electric Co., Ltd.	Changhong Ridian	Staff dormitory	138,965.00	210,390.57
Beijing Changhong Tech. Co. Ltd,	Meiling Group	office	364,688.55	364,688.55
Sichuan Changhong Electric Co., Ltd.	Meiling Group	office	933,023.62	841,571.05
Changhong Huayi Compressor Co., Ltd.	Jiangxi Meiling	Staff dormitory	33,809.52	
Total			17,683,399.53	17,044,939.97

7. Related guarantee

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Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
Changhong Meiling	Changhong Ridian	4,500.00	2017.08.13	2018.08.13	Y
Changhong Meiling	Changhong Ridian	4,000.00	2017.09.01	2018.08.31	Y
Changhong Meiling	Changhong Ridian	2,000.00	2017.11.05	2018.11.05	Y
Changhong Meiling	Zhongke Meiling	2,000.00	2017.02.16	2018.01.05	Y
Changhong Meiling	Zhongke Meiling	1,000.00	2017.06.23	2018.06.22	Y
Changhong Meiling	Zhongke Meiling	2,000.00	2018.01.30	2018.12.31	Y
Changhong Meiling	Zhongshan Changhong	6,000.00	2017.01.03	2018.01.03	Y
Changhong Meiling	Zhongshan Changhong	5,500.00	2017.01.22	2018.01.22	Y
Changhong Meiling	Zhongshan Changhong	20,000.00	2017.03.01	2018.03.31	Y
Changhong Meiling	Zhongshan Changhong	10,000.00	2017.03.29	2018.03.29	Y
Changhong Meiling	Zhongshan Changhong	5,000.00	2017.07.24	2018.07.24	Y
Changhong Meiling	Zhongshan Changhong	10,000.00	2017.11.06	2018.11.06	Y
Changhong Meiling	Changhong Ridian	4,500.00	2018.08.21	2019.08.21	N
Changhong Meiling	Changhong Ridian	4,000.00	2018.08.31	2019.03.30	N
Changhong Meiling	Zhongke Meiling	2,000.00	2018.07.20	2019.05.25	N
Changhong Meiling	Zhongke Meiling	1,000.00	2018.06.29	2019.06.29	N
Changhong Meiling	Zhongshan Changhong	10,000.00	2018.08.22	2019.08.21	N
Changhong Meiling	Zhongshan Changhong	10,000.00	2018.08.09	2019.08.09	N
Changhong Meiling	Zhongshan Changhong	10,000.00	2018.03.30	2019.03.30	N
Changhong Meiling	Zhongshan Changhong	5,500.00	2018.04.18	2019.04.19	N
Changhong Meiling	Zhongshan Changhong	5,000.00	2018.04.12	2019.04.11	N
Changhong Meiling	Zhongshan Changhong	6,000.00	2018.03.07	2019.03.07	N
Changhong Meiling	Zhongshan Changhong	5,000.00	2018.08.21	2019.08.20	N
Changhong Meiling	Zhongshan Changhong	5,000.00	2018.10.23	2019.10.23	N
Counter guarantee:					
Changhong Ridian	Changhong Meiling	4,500.00	2017.08.13	2018.08.13	Y

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Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
Changhong Ridian	Changhong Meiling	4,000.00	2017.09.01	2018.08.31	Y
Changhong Ridian	Changhong Meiling	2,000.00	2017.11.05	2018.11.05	Y
Zhongke Meiling	Changhong Meiling	2,000.00	2017.02.16	2018.01.05	Y
Zhongke Meiling	Changhong Meiling	1,000.00	2017.06.23	2018.06.22	Y
Zhongke Meiling	Changhong Meiling	2,000.00	2018.01.30	2018.12.31	Y
Zhongshan Changhong	Changhong Meiling	6,000.00	2017.01.03	2018.01.03	Y
Zhongshan Changhong	Changhong Meiling	5,500.00	2017.01.22	2018.01.22	Y
Zhongshan Changhong	Changhong Meiling	20,000.00	2017.03.01	2018.03.31	Y
Zhongshan Changhong	Changhong Meiling	10,000.00	2017.03.29	2018.03.29	Y
Zhongshan Changhong	Changhong Meiling	5,000.00	2017.07.24	2018.07.24	Y
Zhongshan Changhong	Changhong Meiling	10,000.00	2017.11.06	2018.11.06	Y
Changhong Ridian	Changhong Meiling	4,500.00	2018.08.21	2019.08.21	N
Changhong Ridian	Changhong Meiling	4,000.00	2018.08.31	2019.03.30	N
Zhongke Meiling	Changhong Meiling	2,000.00	2018.07.20	2019.05.25	N
Zhongke Meiling	Changhong Meiling	1,000.00	2018.06.29	2019.06.28	N
Zhongshan Changhong	Changhong Meiling	10,000.00	2018.08.22	2019.08.21	N
Zhongshan Changhong	Changhong Meiling	10,000.00	2018.08.09	2019.08.09	N
Zhongshan Changhong	Changhong Meiling	10,000.00	2018.03.30	2019.03.30	N
Zhongshan Changhong	Changhong Meiling	5,500.00	2018.04.18	2019.04.19	N
Zhongshan Changhong	Changhong Meiling	5,000.00	2018.04.12	2019.04.11	N
Zhongshan Changhong	Changhong Meiling	6,000.00	2018.03.07	2019.03.07	N
Zhongshan Changhong	Changhong Meiling	5,000.00	2018.08.21	2019.08.20	N
Zhongshan Changhong	Changhong Meiling	5,000.00	2018.10.23	2019.10.23	N

8. Assets transfer, debt restructuring of related parties

Related party	Type	Current Year	Last Year
Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	Purchasing fixed assets	32,909,220.60	26,591,007.01

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Related party	Type	Current Year	Last Year
Sichuan Hongcheng Construction Engineering Co., Ltd.	Purchasing fixed assets	450,450.45	4,261,765.77
Sichuan Hongcheng Real Estate Co., Ltd.	Purchasing fixed assets	393,162.39	509,433.94
Sichuan Changhong Electric Co., Ltd.	Purchasing fixed assets	538,473.18	154,743.58
Sichuan Hongxin Software Co., Ltd.	Purchasing fixed assets	4,958,562.11	6,259,421.70
Sichuan Hongxin Software Co., Ltd.	Purchasing intangible assets	245,283.02	150,943.40
Sichuan Changhong Jijia Fine Co., Ltd.	Purchasing fixed assets		119,658.12
Sichuan Changhong Network Technology Co., Ltd.	Purchasing fixed assets	310,745.57	221,657.02
Sichuan Changhong Electronic System Co., Ltd.	Purchasing fixed assets		97,883.40
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing fixed assets	2,990.60	
Sichuan Huanyu Industrial Co. Ltd.	Purchasing fixed assets	5,648,270.69	
Sichuan Changhong Electronics Holding Group Co., Ltd.	Purchasing fixed assets	3,876,784.91	
Sichuan Changhong Electric Co., Ltd.	Purchasing fixed assets	7,205,155.83	
Sichuan Aichuang Technology Co., Ltd.	Purchasing fixed assets	1,943,572.07	
Mianyang Technology Town Big Data Technology Co., Ltd.	Purchasing fixed assets	260,084.81	
Sichuan Changhong Energy Sunshine Technology Co., Ltd.	Purchasing fixed assets	912,954.96	
Hongyuan Ground Energy Heat Tech. Co., Ltd.	Purchasing fixed assets	1,330,818.96	
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Sales of fixed assets	28,999.51	44,752.67
Total		61,015,529.66	38,411,266.61

9.other

Name of company	Transaction content	Current Year (in 10 thousand Yuan)	Last Year
Yuanxin Financial Lease Co., Ltd.	financial reconciliation business	168.68	

10. Related transaction with Changhong Finance Company

(1) Saving balance

Name of company	Balance at period-end	Balance at period-begin	Interest income from bank saving
Mianyang Meiling Refrigeration Co., Ltd.	522.79	58,727.73	1,958.33
Sichuan Changhong Air-conditioner Co., Ltd.	824,399,079.98	931,489,096.17	36,103,835.98
Hongyuan Ground Energy Heat Pump Tech. Co., Ltd.	8,201.52	101,216.24	205,049.50
Hongyuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	31,976,494.27		144,240.29
Guangdong Changhong Ridian Technology Co., Ltd.	41,461,210.41	1,404,653.78	804,373.76
Zhongshan Changhong Electric Co., LTD	5,578,868.71	13,293,776.63	252,284.58
Changhong Meiling Co., Ltd.	2,138,883,580.37	1,767,413,631.40	63,295,879.52

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Jiangxi Meiling Electric Appliance Co., Ltd.	946.27	7,488,946.73	31,630.59
Hefei Meiling Group Holdings Limited	795.30	555,029.59	795.30
Zhongke Meiling Cryogenic Technology Co., Ltd.	76,807,508.29	40,708,625.61	2,692,171.38
Total	3,119,117,207.91	2,762,513,703.88	103,532,219.23

(2) Notes discounted

Name of company	Bank acceptance book discounted amount	Bank acceptance discounted amount	Expenses of discounted
Sichuan Changhong Air-conditioner Co., Ltd.	692,766,091.76	682,302,017.80	10,464,073.96
Hongyuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	8,151,906.51	7,964,210.65	187,695.86
Guangdong Changhong Ridian Technology Co., Ltd.	1,001,205.88	1,001,205.88	
Changhong Meiling Co., Ltd.	610,747,607.84	607,865,861.99	2,881,745.85
Total	1,312,666,811.99	1,299,133,296.32	13,533,515.67

(3) Notes issued

Name of company	Issuing unit	Note amount	Type
Mianyang Meiling Refrigeration Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	4,726,538.54	Bank acceptance
Sichuan Changhong Air-conditioner Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	1,023,954,131.74	Bank acceptance
Hongyuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	31,966,421.78	Bank acceptance
Guangdong Changhong Ridian Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	88,923,019.14	Bank acceptance
Zhongshan Changhong Electric Co., LTD	Sichuan Changhong Group Finance Co., Ltd.	162,543,629.60	Bank acceptance
Changhong Meiling Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	443,447,379.69	Bank acceptance
Zhongke Meiling Cryogenic Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	34,827,161.56	Bank acceptance
Total		1,790,388,282.05	

(4) Borrowing

Name of company	Balance at period-begin	Borrowed in the period	Payment in the period	Balance at period-end
Sichuan Changhong Air-conditioner Co., Ltd.		15,600,000.00	15,600,000.00	
Sichuan Changhong Air-conditioner Co., Ltd.		62,000,000.00	62,000,000.00	
Sichuan Changhong Air-conditioner Co., Ltd.		11,000,000.00	11,000,000.00	
Sichuan Changhong Air-conditioner Co., Ltd.		11,500,000.00	11,500,000.00	
Sichuan Changhong Air-conditioner Co., Ltd.		6,900,000.00	6,900,000.00	

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Name of company	Balance at period-begin	Borrowed in the period	Payment in the period	Balance at period-end
Sichuan Changhong Air-conditioner Co., Ltd.		6,400,000.00	6,400,000.00	
Total		113,400,000.00	113,400,000.00	

(Continued)

Name of company	Borrowing date	Date due	Repayment date	Loan interest costs	Interest rate
Sichuan Changhong Air-conditioner Co., Ltd.	2018-05-21	2019-05-21	2018-12-28	517,140.00	5.40%
Sichuan Changhong Air-conditioner Co., Ltd.	2018-05-30	2019-05-30	2018-12-28	1,971,600.00	5.40%
Sichuan Changhong Air-conditioner Co., Ltd.	2018-08-10	2019-08-09	2018-12-28	231,000.00	5.40%
Sichuan Changhong Air-conditioner Co., Ltd.	2018-09-27	2019-09-27	2018-12-28	158,700.00	5.40%
Sichuan Changhong Air-conditioner Co., Ltd.	2018-10-26	2019-10-26	2018-12-28	65,205.00	5.40%
Sichuan Changhong Air-conditioner Co., Ltd.	2018-11-19	2019-11-19	2018-12-28	37,440.00	5.40%
Total				2,981,085.00	

(5) Accounts receivable factoring: Nil

11. Remuneration for key management

Item	Current Year (10 thousand Yuan)	Last Year (10 thousand Yuan)
Total remuneration	358.72	1,352.60
Including: performance incentive fund		944.00

(iii) Come and go balance with related parties

1. Receivable account

Item	Related party	Balance at year-end		Balance at year-begin	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Changhong Electric Co., Ltd.	2,943,118.96		1,814,632.38	
Account receivable	Sichuan Changhong Electronics Holding Group Co., Ltd.			5,700.00	
Account receivable	Orion.PDP.Co.,ltd	22,430,223.12		10,083,028.46	
Account receivable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	997,299.16		168,406.71	
Account receivable	CHANGHONGELECTRIC(AUSTRALIA)	16,782,905.91		8,966,037.32	

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Item	Related party	Balance at year-end		Balance at year-begin	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Changhong Huayi Compressor Co., Ltd.	363,524.00		19,800.00	
Account receivable	Sichuan Changhong Jijia Fine Co., Ltd.	8,318.75		1,989,845.25	
Account receivable	Sichuan Hongcheng Real Estate Co., Ltd.			147,354.00	
Account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	225,967.73		51,528.01	
Account receivable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	36,056.54		14,951.00	
Account receivable	PT.CHANGHONGELECTRICINDONESIA	3,795,261.09		25,614.05	
Account receivable	CHANGHONG(HK)TRADINGLIMITED	29,884,304.94		92,041,204.28	
Account receivable	Sichuan Changhong International Hotel Co., Ltd.	2,850.00			
Account receivable	Chengdu Changhong Electronic Technology Co., Ltd.	1,656.00		434,509.01	
Account receivable	Lejiayi Chain Management Co., Ltd.	2,810,087.88		867,119.47	
Account receivable	Sichuan Zhiyijia Network Technology Co., Ltd.	505,717,212.18		292,557,278.83	
Account receivable	Sichuan Hongwei Technology Co., Ltd.	1,200.00			
Account receivable	Shenzhen YijEn Technology Co., Ltd.	14,274.78		1,777.90	
Account receivable	Anhui Xinhao Plasma Display Panel Co., Ltd.			63,000.00	
Account receivable	Sichuan Changhong Power Source Co., Ltd.			30,389.18	
Account receivable	Sichuan Changhong Property Co., Ltd.	112,151.48		48,664.00	
Account receivable	Sichuan Changhong New Energy Technology Co., Ltd.	248,132.64		173,213.95	
Account receivable	Changhong International Holdings (Hong Kong) Co., Ltd.	21,772.79		111,146.18	
Account receivable	Sichuan Jiahong Industrial Co., Ltd.			3,700.00	
Account receivable	Sichuan Changhong Group Finance Co., Ltd.			9,270.00	
Account receivable	Hongyuan Ground Energy Heat Tech. Co., Ltd.	25,559,118.66		2,179,945.63	
Account receivable	ChanghongRubaElectricCompany(Private)Ltd.	75,910,256.75		34,423,460.27	
Account receivable	ChanghongEuropeElectrics.r.o	131,552.00			
Account receivable	Sichuan Changhong Minsheng Logistics Co., LTD	275,734.13			
Account receivable	CHANGHONGELECTRICMIDDLEEASTFZE	3,391,982.77			

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Item	Related party	Balance at year-end		Balance at year-begin	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Aichuang Technology Co., Ltd.	964,432.39			
Account receivable	Guangdong Changhong Electronics Co., Ltd.	290,418.22			
Account receivable	Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	547,276.70			
Account paid in advance	Sichuan Changhong Electronics Holding Group Co., Ltd.	49,632.00		94,861.98	
Account paid in advance	Sichuan Changhong Electric Co., Ltd.	11,324,475.95			
Account paid in advance	Sichuan Service Exp. Appliance Service Chain Co., Ltd.			101,945.29	
Account paid in advance	Sichuan Hongwei Technology Co., Ltd.	113,168.00		363,948.00	
Account paid in advance	Sichuan Hongxin Software Co., Ltd.			45,000.00	
Account paid in advance	Guangdong Changhong Electronics Co., Ltd.	0.20		10,579.20	
Account paid in advance	Sichuan Zhiyijia Network Technology Co., Ltd.	3,071.23		12,721.94	
Account paid in advance	Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	15,423,229.03		527,923.64	
Account paid in advance	081 Electronic Group	6.94			
Account paid in advance	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	7,797.42			
Account paid in advance	Chengdu Guigu Environmental Tech. Co., Ltd.	58,281.92			
Other account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	600,000.00		500,000.00	
Other account receivable	Sichuan Changhong Property Co., Ltd.	150,000.00		150,000.00	
Other account receivable	Sichuan Changhong Property Service Co., Ltd.	2,952.00		7,720.80	
Other account receivable	Chengdu Changhong Electronic Technology Co., Ltd.	434,509.01			
Other account receivable	Sichuan Changhong International Hotel Co., Ltd.	27,589.45			
Other account receivable	Sichuan Huanyu Industrial Co. Ltd.	3,150.35			
Other account receivable	081 Electronic Group	252,027.35			
	Total	721,916,980.42		448,046,276.73	

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2. Payable account

Item	Related party	Balance at year-end	Balance at year-begin
Account received in advance	Sichuan Changhong Electric Co., Ltd.	234.16	234.16
Account received in advance	Sichuan Changhong Electronics Holding Group Co., Ltd.	5,080.00	5,080.00
Account received in advance	Lejiayi Chain Management Co., Ltd.	20,258.00	82,193.00
Account received in advance	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	0.01	0.01
Account received in advance	Sichuan Changhong Mold Plastic Tech. Co., Ltd.		126,849.97
Account received in advance	CHANGHONGELECTRICMIDDLEEASTFZE		1,636.49
Account received in advance	081 Electronic Group	25.55	3,050,425.55
Account received in advance	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	81,015.05	36,614.59
Account received in advance	GuangYuan Changhong Electronic Technology Co., Ltd.	310,437.76	37,061.00
Account received in advance	Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	578,537.58	1,128,252.00
Account received in advance	Yibin Red-Star Electronics Co., Ltd.		582,000.00
Account received in advance	Hefei Changhong Industrial Co., Ltd.	23,593.21	2,297.00
Account received in advance	Sichuan Zhiyijia Network Technology Co., Ltd.	1,122.20	571,946.94
Account received in advance	Sichuan Changhong Education Technology Co., Ltd.		211,325.00
Account received in advance	CHANGHONG(HK)TRADINGLIMITED	994.96	
Account received in advance	ChanghongEuropeElectrics.r.o		4,367.63
Account received in advance	Chengdu Guigu Environmental Tech. Co., Ltd.		87,460.00
Account received in advance	Hongyuan Ground Energy Heat Tech. Co., Ltd.	426,247.52	1,960,358.42

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Item	Related party	Balance at year-end	Balance at year-begin
Account received in advance	Sichuan Tianyou Guigu Technology Co., Ltd.	0.06	0.06
Account payable	Sichuan Changhong Electric Co., Ltd.	14,019,713.93	57,983,674.93
Account payable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	27,891,091.24	177,772,335.72
Account payable	Changhong Huayi Compressor Co., Ltd.	105,062,188.37	104,051,402.67
Account payable	Sichuan Changhong Jijia Fine Co., Ltd.	17,324,860.79	105,724,786.63
Account payable	Sichuan Changhong Minsheng Logistics Co., LTD	46,671,482.99	32,100,658.75
Account payable	Sichuan Changhong Package Printing Co., Ltd.	9,305,115.20	34,588,936.01
Account payable	Sichuan Changhong Device Tech. Co., Ltd.	23,275.25	9,360,926.77
Account payable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	834,733.87	37,900,637.60
Account payable	081 Electronic Group	25,025.52	484,442.91
Account payable	Guangdong Changhong Electronics Co., Ltd.		2,220,471.94
Account payable	Sichuan Changhong Power Source Co., Ltd.	4,910.82	
Account payable	Sichuan Hongyu Metal Manufacturing Co., Ltd.	14,662.40	893,867.03
Account payable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	177,728.16	5,547,924.93
Account payable	Sichuan Hongwei Technology Co., Ltd.		1,658,396.58
Account payable	Sichuan Hongxin Software Co., Ltd.	21,226.42	564,650.00
Account payable	Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.		10,503.63
Account payable	Sichuan Changhong International Hotel Co., Ltd.	121,538.10	42,802.10
Account payable	Sichuan Changhong Xinrui Tech. Co. Ltd.		106,912.99
Account payable	Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	11,377,605.65	10,039,595.23
Account payable	Sichuan Jiahong Industrial Co., Ltd.	21,109.00	28,314.00
Account payable	Sichuan Changhong Network Technology Co., Ltd.	13,456.92	227.83
Account payable	Sichuan Changhong Property Service Co., Ltd.		4,121.00
Account payable	CHANGHONG(HK)TRADINGLIMITED	1,998,987.22	2,401,351.66
Account payable	Sichuan Ailian Science & Technology Co., Ltd.	1,701,913.57	1,816,576.71
Account payable	Sichuan Family Help Electric Service Co., Ltd.		2,325.00

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Item	Related party	Balance at year-end	Balance at year-begin
Account payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	883,369.88	23,428,798.70
Account payable	Mianyang Highly Electric Co., Ltd.	12,868,088.45	33,261,889.61
Account payable	ChanghongRubaElectricCompany(Private)Ltd.	29,257,116.05	69,845,918.08
Account payable	Sichuan Changhe Technology Co., Ltd.		2,242,158.00
Account payable	Chengdu Guigu Environmental Tech. Co., Ltd.		409,067.47
Account payable	Sichuan Changhong Electronics Holding Group Co., Ltd.	796,408.02	
Account payable	Sichuan Changhong Energy Sunshine Technology Co., Ltd.	52,951.39	
Account payable	Sichuan Changhong Electronic Products Co., Ltd.	2,054,864.41	
Account payable	Sichuan Zhiyijia Network Technology Co., Ltd.	6,274.34	
Account payable	Sichuan Aichuang Technology Co., Ltd.	9,023,993.17	
Account payable	Hunan Grand-Pro Intelligent Tech. Company	287,486.83	
Account payable	Sichuan Huanyu Industrial Co. Ltd.	3,000,000.00	
Account payable	Mianyang Technology Town Big Data Technology Co., Ltd.	1,430.47	
Other account payable	Sichuan Changhong Electric Co., Ltd.	1,514,578.28	3,971,074.18
Other account payable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	1,648,151.88	1,742,341.02
Other account payable	Sichuan Changhong Jijia Fine Co., Ltd.	400,500.00	400,500.00
Other account payable	Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	10,000.00	10,000.00
Other account payable	Changhong Huayi Compressor Co., Ltd.	1,050,000.00	1,598,900.00
Other account payable	Sichuan Changhong Package Printing Co., Ltd.	50,000.00	50,000.00
Other account payable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	200,000.00	145.16
Other account payable	Sichuan Changhong Minsheng Logistics Co., LTD	500,500.00	586,504.95
Other account payable	CHANGHONG(HK)TRADINGLIMITED	76,036.96	65,200.87
Other account payable	Sichuan Changhong Device Tech. Co., Ltd.		50,013.43
Other account payable	Sichuan Changhong Xinrui Tech. Co. Ltd.		200,000.00
Other account payable	081 Electronic Group		169.00
Other account payable	Sichuan Jiahong Industrial Co., Ltd.	22,218.04	
Other account	Guangdong Changhong Electronics Co., Ltd.		18,442.44

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From 1 January 2018 to 31 December 2018

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

Item	Related party	Balance at year-end	Balance at year-begin
payable			
Other account payable	Sichuan Changhong Intelligent Manufacturing Tech. Co., Ltd.	343,586.81	272,961.00
Other account payable	Mianyang Highly Electric Co., Ltd.		109,709.75
Other account payable	Sichuan Changhe Technology Co., Ltd.		100,000.00
Other account payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	50,000.00	50,000.00
Other account payable	Sichuan Changhong Electronics Holding Group Co., Ltd.	1,090.65	
Other account payable	Hunan Grand-Pro Intelligent Tech. Company	200,000.00	
Other account payable	Yuanxin Financial Lease Co., Ltd.	1,686,849.14	
Other account payable	Mianyang Technology Town Big Data Technology Co., Ltd.	100,000.00	
Other account payable	Sichuan Yunyou Internet Tech. Co., Ltd.	139,862.42	
Total		304,283,528.67	731,607,738.10

(iv) **Commitments from related parties:** Nil

XII. Share-based payment: Nil

XIII. Contingency

1. Pending action or possible liabilities formed from arbitration: Nil
2. Contingency from external guarantee: Nil
3. Other contingency: Nil

XIV. Commitments: Nil

XV. Events occurring after the balance sheet date

1. Important non-adjustment items: Nil
2. Profit distribution:

For year of 2018, the individual statement of the parent company show net profit of 96,445,731.69 Yuan, according to the auditing from ShinWing CPA (LLP). In accordance with relevant regulations, the retained profit at beginning of the year amounted as 893,442,648.28 Yuan, deducted the 2017 profit distributed 62,675,872.86 Yuan and after extract for statutory surplus reserve 9,644,573.17 Yuan, the retained profit in individual statement of the parent company cumulative counted as 917,567,933.94 Yuan at end of 2018. In addition, for year of 2018, the net profit attributable to owners of parent company amounted as 38,658,256.97 Yuan, the retained profit for end of the 2018 counted as 904,232,582.87 Yuan.

Pursuit to relevant rules and regulation of Article of Association, and considering the interest of shareholders and long-term development needs of the Company, Board of Directors agrees that, based on total share capital 1,044,597,881 of the Company dated 31 December 2018, distributed 0.6 Yuan (tax included) in cash for every 10 shares held by shareholders, totally 62,675,872.86 Yuan distributed in

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

From 1 January 2018 to 31 December 2018

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

total(tax included). Total share capital of the Company has no changes after distribution, the retained profit of the parent company amounted as 854,892,061.08Yuan, rests of the retained profit will carry-over for distribute in later years.

The aforesaid pre-plan has been deliberated and approved by the 20th session of 9th BOD, and ready for approval from the shareholders general meeting.

3. Major sales return: Nil

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

XVI. Other significant matters

1. Correction of previous periods and influence: Nil

2. Debt restructuring: Nil

3. Assets replacement: Nil

4. Pension plan: Nil

5. Discontinuing operation: Nil

6. Branch information

In 10 thousand Yuan

Item	Refrigerator, freezer Washing machine	Air-conditioner	Marketing	Small home appliances	Other	Sales in branch	Total
Operation income	953,734.56	723,361.74	89,974.38	52,599.21	28,262.18	98,914.57	1,749,017.50
Including: foreign trade income	873,627.94	723,097.62	89,974.29	52,415.94	9,901.71		1,749,017.50
Income from transactions between divisions	80,106.62	264.12	0.09	183.27	18,360.47	98,914.57	
Operation income	951,642.66	724,565.89	82,976.84	51,453.30	26,995.74	94,998.81	1,742,635.62
Operation profit	2,091.90	-1,204.15	6,997.54	1,145.91	1,266.44	3,915.76	6,381.88
Total assets	1,251,593.13	434,796.65	6,944.22	36,723.20	15,839.24	189,715.41	1,556,181.03
Total liability	748,863.07	295,781.44	21,302.66	23,121.99	7,683.94	54,127.09	1,042,626.01
Supplementary information							
Depreciation and amortization expenses	15,515.58	7,011.51	14.09	452.04	459.15	-364.99	23,817.36
Capital expenditure	9,115.98	35,812.07	7.34	219.22	982.62		46,137.23
Non-cash expenses except for depreciation and amortization	114,890.89	87,265.51	2,211.35	3,497.89	4,012.95	-738.30	212,616.89

7. Other major transactions and events shows impact on investor's decision-making: Nil

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

From 1 January 2018 to 31 December 2018

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

XVII. Notes to main items of financial statement of parent company

1. Note receivable and account receivable

Item	Balance at year-end	Balance at year-begin
Note receivable	2,183,243,800.03	1,748,615,925.92
Account receivable	1,050,282,023.37	1,372,870,968.26
Total	3,233,525,823.40	3,121,486,894.18

1.1 Note receivable

(1) Category of note receivable

Item	Balance at year-end	Balance at year-begin
Bank acceptance	2,003,243,800.03	1,572,527,077.43
Trade acceptance	430,000,146.61	176,088,848.49
Total	2,433,243,946.64	1,748,615,925.92

(2) Note receivable pledge at year-end

Item	Amount pledge at year-end
Bank acceptance	648,113,616.79

Note: with purpose of improving the note utilization, the Company draw up bank acceptance by pledge parts of the outstanding notes receivable to the bank

(3) Note receivable which has endorsed or discounted at year-end but hasn't expired yet on balance sheet date

Item	Amount derecognition at year-end	Amount without derecognition at year-end
Bank acceptance	482,315,162.49	
Trade acceptance		250,000,146.61
Total	482,315,162.49	250,000,146.61

(4) No notes transfer to account receivable due to the failure performance by drawer at year-end

1.2 Account receivable

(1) Category of account receivable

Category	Ending amount				Book value
	Book balance		Bad debt provision		
	Amount	Ratio	Amount	Ratio	
Account receivable with single significant amount and withdrawal					

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

From 1 January 2018 to 31 December 2018

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

Category	Ending amount				Book value
	Book balance		Bad debt provision		
	Amount	Ratio	Amount	Ratio	
single item bad debt provision					
Account receivable withdrawal bad debt provision by combination					
Combination 1	65,143,837.99	6.16%	3,586,078.09	5.50%	61,557,759.90
Combination 2	985,798,275.42	93.27%			985,798,275.42
Combination Subtotal	1,050,942,113.41	99.43%	3,586,078.09	0.34%	1,047,356,035.32
Account receivable with single minor amount but withdrawal single item bad debt provision	5,980,586.84	0.57%	3,054,598.79	51.08%	2,925,988.05
Total	1,056,922,700.25	100.00%	6,640,676.88	0.63%	1,050,282,023.37

(Continued)

Category	Opening amount				Book value
	Book balance		Bad debt provision		
	Amount	Ratio	Amount	Ratio	
Account receivable with single significant amount and withdrawal single item bad debt provision					
Account receivable withdrawal bad debt provision by combination					
Combination 1	60,561,254.24	4.40%	3,219,635.79	5.32%	57,341,618.45
Combination 2	1,311,301,579.72	95.23%		0.00%	1,311,301,579.72
Combination Subtotal	1,371,862,833.96	99.63%	3,219,635.79	0.23%	1,368,643,198.17
Account receivable with single minor amount but withdrawal single item bad debt provision	5,118,727.55	0.37%	890,957.46	17.41%	4,227,770.09
Total	1,376,981,561.51	100.00%	4,110,593.25	0.30%	1,372,870,968.26

1) No account receivable with single significant amount and withdrawal bad debt provision single at year-end.

2) Account receivable with bad debt provision accrual by aging account in combination 1

Account age	Balance at year-end		
	Account receivable	Bad debt provision	Provision ratio (%)
Within one year	64,517,786.22	3,225,889.31	5%
1-2 years	215,517.04	32,327.56	15%
2-3 years	34,041.49	11,914.52	35%
3-4 years	62,665.03	34,465.77	55%
4-5 years	215,648.53	183,301.25	85%
Over 5 years	98,179.68	98,179.68	100%
Total	65,143,837.99	3,586,078.09	

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

From 1 January 2018 to 31 December 2018

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

3) Account receivable without bad debt provision withdrawal in combination 2

Combination	Book balance
Connected amount between related parties	798,250,556.57
Account receivable with L/C	45,978,287.55
Account receivable already insured	141,569,431.30
Total	985,798,275.42

4) As for the receivable with single minor amount at period-end, and withdrawal bad debt provision independently, they includes the account receivables with single minor amount, and after accrual bad debts by combination, the amount did not reflects the risks characteristics, there are 6 clients included

(2) Bad debt provision of account receivable

Bad debt provision of 2,543,193.93 Yuan accrual in the year; bad debt provision has 13,110.30 Yuan collected and no collection for accounts charge off previous year

(3) No account receivable actually written-off in the year.

(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 year-end has RMB 715,924,840.12 in total, a 67.74% in total account receivable, bad debt provision accrual at year-end amounted as RMB 275,069.43

(6) Account receivable de-recognized: Nil

2. Other account receivable

Item	Balance at year-end	Balance at year-begin
Interest receivable	2,653,712.36	
Other account receivable	180,090,321.16	39,849,732.36
Total	182,744,033.52	39,849,732.36

2.1 Interest receivable

(1) Category of interest receivable

Item	Balance at year-end	Balance at year-begin
Interest receivable of time deposit	1,892,948.46	
Interest receivable of financing products	760,763.90	
Total	2,653,712.36	

(2) Major overdue interest: nil

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

From 1 January 2018 to 31 December 2018

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

2.2 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	716,362.08	0.40%	131,318.10	18.33%	585,043.98
Combination 2	179,505,277.18	99.60%			179,505,277.18
Combination Subtotal	180,221,639.26	100.00%	131,318.10	0.07%	180,090,321.16
Other account receivable with single minor amount but withdrawal single item bad debt provision					
Total	180,221,639.26	100.00%	131,318.10	0.07%	180,090,321.16

(Continued)

Category	Opening 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	1,384,957.79	3.45%	261,120.97	18.85%	1,123,836.82
Combination 2	38,725,895.54	96.55%			38,725,895.54
Combination Subtotal	40,110,853.33	100.00%	261,120.97	0.65%	39,849,732.36
Other account receivable with single minor amount but withdrawal single item bad debt provision					
Total	40,110,853.33	100.00%	261,120.97	0.65%	39,849,732.36

1) No other account receivable with single significant amount and no withdrawal bad debt provision single at year-end

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

Account age	Balance at year-end		
	Other account receivable	Bad debt provision	Provision ratio (%)
Within one year	246,362.08	12,318.10	5%
1-2 years	260,000.00	39,000.00	15%
2-3 years	200,000.00	70,000.00	35%
3-4 years			55%
4-5 years			85%

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From 1 January 2018 to 31 December 2018

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

Account age	Balance at year-end		
	Other account receivable	Bad debt provision	Provision ratio (%)
Over 5 years	10,000.00	10,000.00	100%
Total	716,362.08	131,318.10	

3) Other receivable without bad debt provision withdrawal in combination 2

Combination	Book balance
Connected amount between related parties	161,430,695.50
Loans of employee's pretty cash	5,779,671.00
Export rebate and other refundable tax	12,294,910.68
Total	179,505,277.18

4) No other account receivable with single minor amount but withdrawal bad debt provision singly, refers to the minor single receivables at year-end.

(2) Bad debt provision of other receivable

Reversal of bad debt provision amounted as 129,802.87 Yuan in the year and no bad debts collected in the year

(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 year-end.

(5) Top 5 other account receivable has RMB 174,073,435.18 in total, a 96.59% in total account receivable at year-end, bad debts accrual correspondingly at end of the year was RMB 0.00

(6) Other receivables classify by nature

Nature	Ending book balance	Opening book balance
Related party	161,430,695.50	7,896,779.76
Loans of employee's pretty cash	5,779,671.00	4,507,472.94
Cash deposit	610,000.00	640,306.68
Other	106,362.08	744,651.11
Export rebate and other refundable tax	12,294,910.68	26,321,642.84
Total	180,221,639.26	40,110,853.33

(7) Other receivable de-recognized: Nil

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From 1 January 2018 to 31 December 2018

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

3. Long-term equity investments

(1) Classification of long-term equity investments

Item	Balance at year-end			Balance at year-begin		
	Book balance	Impairment loss	Book value	Book balance	Impairment loss	Book value
Investment in subsidiaries						
Zhongke Meiling Cryogenic Technology Co., Ltd.	42,652,000.00		42,652,000.00	42,652,000.00		42,652,000.00
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00		95,000,000.00	95,000,000.00		95,000,000.00
Hefei Meiling Electric Marketing Co., Ltd.	54,900,000.00		54,900,000.00	54,900,000.00		54,900,000.00
Zhongshan Changhong Electric Co., LTD	169,856,419.37		169,856,419.37	169,856,419.37		169,856,419.37
Sichuan Changhong Air-conditioner Co., Ltd.	955,600,437.79		955,600,437.79	955,600,437.79		955,600,437.79
Hefei Meiling Group Holdings Limited	113,630,000.00		113,630,000.00	113,630,000.00		113,630,000.00
Jiangxi Meiling Electric Appliance Co., Ltd.	79,000,000.00		79,000,000.00	79,000,000.00		79,000,000.00
Guangdong Changhong Ridian Technology Co., Ltd.	90,802,061.95		90,802,061.95	90,802,061.95		90,802,061.95
Changmei Technology Co., Ltd.	48,128,000.00		48,128,000.00	32,424,000.00		32,424,000.00
Meiling CANDY Washing Machine Co., Ltd.	60,000,000.00		60,000,000.00	45,000,000.00		45,000,000.00
Investment in associates						
Hefei Xingmei Assets Management Co., Ltd.	9,420,099.27		9,420,099.27	10,696,982.04		10,696,982.04
Sichuan Zhiyijia Network Technology Co., Ltd.	12,120,885.32		12,120,885.32	15,445,914.69		15,445,914.69
Total	1,731,109,903.70		1,731,109,903.70	1,705,007,815.84		1,705,007,815.84

(2) Investment in subsidiaries

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Invested enterprise	Balance at year-begin	Increased in the Year	Decreased in the Year	Balance at year-end	Provision for impairment losses	Ending balance of impairment
Zhongke Meiling Cryogenic Technology Co., Ltd.	42,652,000.00			42,652,000.00		
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00			95,000,000.00		
Hefei Meiling Electric Marketing Co., Ltd.	54,900,000.00			54,900,000.00		
Zhongshan Changhong Electric Co., LTD	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 Holdings Limited	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		
Total	1,678,864,919.11	30,704,000.00		1,709,568,919.11		

(3) Investment in associates

Invested enterprise	Balance at year-begin	Changes in the year							Balance at year-end	Ending balance of impairment
		Additional Investment	Negative Investment	Investment income recognized under equity	Adjustment for other comprehensive income	Other equity change	Cash dividend or profit announced to issued	Provision for impairment loss		
Hefei Xingmei Assets Management Co., Ltd.	10,696,982.04			-1,276,882.77						9,420,099.27
Sichuan Zhiyijia Network Technology Co., Ltd.	15,445,914.69			-3,325,029.37						12,120,885.32
Total	26,142,896.73			-4,601,912.14						21,540,984.59

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From 1 January 2018 to 31 December 2018

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

4. Operation income and operation cost

Item	Current Year		Last Year	
	Income	Cost	Income	Cost
Main business	7,634,344,339.63	6,551,561,605.76	7,279,491,408.48	6,427,777,165.64
Other business	1,892,851,622.99	1,852,134,266.74	1,238,178,104.98	1,210,971,868.04
Total	9,527,195,962.62	8,403,695,872.50	8,517,669,513.46	7,638,749,033.68

(1) Classified according to product

Product	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Main Business	7,634,344,339.63	6,551,561,605.76	7,279,491,408.48	6,427,777,165.64
Refrigerator, freezer	7,303,827,940.51	6,259,064,481.80	6,899,366,427.27	6,101,569,927.76
Washing machine	53,438,809.25	47,794,996.27	190,179,642.05	163,208,239.33
Small household appliances and kitchen and bathroom	276,833,964.23	244,634,846.30	189,674,315.89	162,885,099.06
Other	243,625.64	67,281.39	271,023.27	113,899.49
Other business	1,892,851,622.99	1,852,134,266.74	1,238,178,104.98	1,210,971,868.04
Sales of raw material	1,850,282,886.72	1,836,432,815.71	1,221,126,139.76	1,208,004,434.83
Other income	42,568,736.27	15,701,451.03	17,051,965.22	2,967,433.21
Total	9,527,195,962.62	8,403,695,872.50	8,517,669,513.46	7,638,749,033.68

(2) Classified according to region

Regions	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	7,415,870,086.00	6,598,484,227.76	6,406,577,042.20	5,643,877,798.01
Overseas	2,111,325,876.62	1,805,211,644.74	2,111,092,471.26	1,994,871,235.67
Total	9,527,195,962.62	8,403,695,872.50	8,517,669,513.46	7,638,749,033.68

Top five clients in sales revenue amounted as RMB5,690,602,086.10 yuan, a 59.73% in total operation income.

5. Investment income

Item	Current Year	Last Year
Long-term equity investment income by equity method	-4,601,912.14	2,649,526.63
Investment income arising from disposal of the long-term equity investment		2,506.98
Investment income from disposal of financial assets, which is measured by fair value and with its variation reckoned into current gains/losses	-26,793,572.57	-20,754,720.43

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From 1 January 2018 to 31 December 2018

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Item	Current Year	Last Year
Investment income during holding the financial assets available for sale	73,719,846.12	77,684,013.71
Long-term equity investment income by cost method	2,754,000.00	
Total	45,078,361.41	59,581,326.89

XVIII. Approval of financial statement

The financial statement has already been approved from the board of directors of the Company for reporting dated 27 March 2019.

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

From 1 January 2018 to 31 December 2018

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

Supplementary information for financial statement

1. Non-recurring 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 Year	Note
Gains and losses from disposal of non-current assets	787,721.32	
Tax refund or mitigate due to examination-and-approval beyond power or without official approval document or accident		
Government subsidy recorded in current gains and losses	90,401,997.63	
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 or 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-begin to combination day by subsidiaries resulting from business combination under common control		
Gains and losses arising from contingent proceedings irrelevant to normal operation of the Company	-13,050,649.33	
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	-18,928,688.87	
Switch-back of provision of impairment of account receivable which are treated with separate depreciation test	2,543,553.45	
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 an one-time adjustment according to requirements		

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

From 1 January 2018 to 31 December 2018

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

Item	Current Year	Note
of laws and regulations regarding to taxation and accounting		
Trust fee obtained from trust operation		
Other non-operating income and expenditure except for the aforementioned ones	-2,614,761.68	
Other gains and losses items complying with definition for non-recurring gains and losses		
Subtotal	59,139,172.52	
Impact on income tax	16,236,806.66	
Impact on minority equity(after taxation)	1,101,317.88	
Total	41,801,047.98	

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 2018 are as follow:

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	0.77%	0.0370	0.0370
Net profit attributable to shareholders of parent company after deduction of non-recurring gains and losses	-0.06%	-0.0030	-0.0030

3. Accounting difference under the accounting rules in and out of China: Nil

4. Supplementary information for accounting policy changed: Nil

Section XII. Documents available for Reference

- I. Financial statement carrying the signatures and seals of the Chairman, principal of the accounting works and person in charge of accounting organ;
- II. Original auditing report carrying the seal of CPA and autography and seal of the accountants;
- III. Original documents of the Company and manuscripts of public notices that disclosed in the website designated by CSRC in the report period;

The aforesaid documents are all available at headquarter of the Company. The Company would provide them timely when CSRC and Shenzhen Stock Exchange require or the shareholders need consultation according to the regulations and Articles of Association.

Chairman: Li Wei

Changhong Meiling Co., Ltd.

29 March 2019