



**CHANGHONG MEILING CO., LTD.**

**SEMI-ANNUAL FINANCIAL REPORT 2022**

**August 2022**

# CHANGHONG MEILING CO., LTD

## SEMI-ANNUAL FINANCIAL REPORT 2022 (Unaudited)

### I. Audit report

Whether the semi annual report is audited

Yes  No

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

### II. Financial Statement

Statement in Financial Notes are carried in RMB/CNY

#### 1. Consolidated Balance Sheet

Prepared by CHANGHONG MEILING CO., LTD.

June 30, 2022

In RMB

Item	June 30, 2022	January 1, 2022
Current assets:		
Monetary funds	6,183,005,095.11	5,938,823,396.21
Settlement provisions		
Capital lent		
Trading financial assets	208,184,795.23	17,997,086.19
Derivative financial assets		
Note receivable	439,419.03	2,216,752.22
Account receivable	2,270,853,232.12	1,440,874,691.28
Receivable financing	1,380,100,294.09	1,808,109,301.56
Accounts paid in advance	28,724,589.92	29,766,797.34
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	101,572,345.96	111,652,635.86
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	1,607,718,382.71	1,356,357,419.80

Contractual assets	2,313,522.40	
Assets held for sale		
Non-current asset due within one year		
Other current assets	93,325,665.28	124,240,934.45
Total current assets	11,876,237,341.85	10,830,039,014.91
Non-current assets:		
Loans and payments on behalf		
Debt investment	291,305,319.44	
Other debt investment		
Long-term account receivable		
Long-term equity investment	88,915,648.08	86,631,660.53
Investment in other equity instrument		
Other non-current financial assets	576,200,641.50	581,980,440.70
Investment real estate	52,191,185.68	53,149,934.45
Fixed assets	2,266,504,611.74	2,303,122,699.92
Construction in progress	103,923,104.08	98,469,862.45
Productive biological asset		
Oil and gas asset		
Right-of-use assets	40,286,720.53	45,367,918.31
Intangible assets	910,035,679.68	953,403,100.33
Expense on Research and Development	137,625,624.69	87,728,990.86
Goodwill		
Long-term expenses to be apportioned	362,898.05	
Deferred income tax asset	173,152,065.58	147,488,353.28
Other non-current asset	999,030.66	3,087,780.59
Total non-current asset	4,641,502,529.71	4,360,430,741.42
Total assets	16,517,739,871.56	15,190,469,756.33
Current liabilities:		
Short-term loans	1,087,291,446.15	622,874,652.77
Loan from central bank		
Capital borrowed		
Trading financial liability	38,929,244.41	12,304,272.41
Derivative financial liability		
Note payable	4,502,920,235.46	4,839,837,317.78
Account payable	3,832,859,258.27	2,299,103,796.88
Accounts received in advance		
Contractual liability	351,317,980.38	515,004,115.23
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		

Security sales of agency		
Wage payable	222,392,707.91	247,044,421.56
Taxes payable	149,559,048.33	141,874,861.88
Other account payable	903,778,941.60	751,452,768.00
Including: Interest payable		
Dividend payable	19,793,050.41	4,753,764.56
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	30,243,710.95	332,718,478.25
Other current liabilities	22,377,103.22	24,373,759.16
Total current liabilities	11,141,669,676.68	9,786,588,443.92
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	158,000,000.00	168,000,000.00
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability	30,061,422.30	33,225,912.15
Long-term account payable	1,241,464.86	1,337,643.24
Long-term wages payable	8,710,896.43	9,828,300.06
Accrual liability	11,912,507.94	11,363,601.63
Deferred income	163,159,009.25	175,664,038.83
Deferred income tax liabilities	8,889,141.90	9,670,435.45
Other non-current liabilities		
Total non-current liabilities	381,974,442.68	409,089,931.36
Total liabilities	11,523,644,119.36	10,195,678,375.28
Owner's equity:		
Share capital	1,029,923,715.00	1,044,597,881.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	2,670,335,732.53	2,682,829,400.26
Less: Inventory shares		26,430,571.38
Other comprehensive income	-20,842,082.96	-20,903,270.57
Reasonable reserve		
Surplus public reserve	423,111,236.90	423,111,236.90
Provision of general risk		
Retained profit	743,008,737.50	734,129,724.00
Total owner's equity attributable to parent company	4,845,537,338.97	4,837,334,400.21

Minority interests	148,558,413.23	157,456,980.84
Total owner's equity	4,994,095,752.20	4,994,791,381.05
Total liabilities and owner's equity	16,517,739,871.56	15,190,469,756.33

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

## 2. Balance Sheet of Parent Company

In RMB

Item	June 30, 2022	January 1, 2022
Current assets:		
Monetary funds	3,266,271,511.03	3,423,276,377.52
Trading financial assets	17,312,173.84	7,200,222.04
Derivative financial assets		
Note receivable		330,000.00
Account receivable	1,735,966,866.26	1,582,651,896.25
Receivable financing	966,511,549.26	1,484,609,403.08
Accounts paid in advance	44,903,647.89	48,212,105.70
Other account receivable	38,833,840.97	40,708,614.68
Including: Interest receivable		
Dividend receivable		
Inventories	364,105,226.52	351,523,851.67
Contractual assets	46,970.75	
Assets held for sale		
Non-current assets maturing within one year		
Other current assets		28,957,697.04
Total current assets	6,433,951,786.52	6,967,470,167.98
Non-current assets:		
Debt investment	291,305,319.44	
Other debt investment		
Long-term receivables		
Long-term equity investments	1,882,997,437.73	1,882,557,241.66
Investment in other equity instrument		
Other non-current financial assets	576,200,641.50	581,980,440.70
Investment real estate	3,648,311.42	3,752,737.75
Fixed assets	1,171,285,355.31	1,209,058,847.63
Construction in progress	78,324,001.26	50,287,155.16

Productive biological assets		
Oil and natural gas assets		
Right-of-use assets	17,686,308.69	18,632,705.13
Intangible assets	454,904,294.76	477,739,048.08
Research and development costs	86,047,186.86	44,387,584.10
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	141,353,431.80	125,174,589.66
Other non-current assets	299,020.00	638,649.57
Total non-current assets	4,704,051,308.77	4,394,208,999.44
Total assets	11,138,003,095.29	11,361,679,167.42
Current liabilities:		
Short-term borrowings	1,052,171,543.37	612,863,194.44
Trading financial liability	14,509,627.08	5,766,743.33
Derivative financial liability		
Notes payable	1,877,201,607.34	2,409,104,654.05
Account payable	1,485,308,607.13	1,356,405,016.24
Accounts received in advance		
Contractual liability	152,733,929.04	238,437,143.59
Wage payable	6,018,076.56	42,679,625.89
Taxes payable	22,888,141.57	20,596,813.11
Other accounts payable	1,078,306,911.70	909,832,533.11
Including: Interest payable		
Dividend payable	19,193,050.41	4,153,764.56
Liability held for sale		
Non-current liabilities due within one year	22,098,167.21	322,202,348.59
Other current liabilities	6,982,077.34	6,703,328.85
Total current liabilities	5,718,218,688.34	5,924,591,401.20
Non-current liabilities:		
Long-term loans	158,000,000.00	168,000,000.00
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability	16,523,542.32	17,114,473.86
Long-term account payable		
Long term employee compensation payable	7,562,998.28	8,760,963.52
Accrued liabilities	6,135,182.74	7,539,547.19
Deferred income	77,695,276.53	82,658,197.54
Deferred income tax liabilities	5,700,451.84	6,131,087.92
Other non-current liabilities		

Total non-current liabilities	271,617,451.71	290,204,270.03
Total liabilities	5,989,836,140.05	6,214,795,671.23
Owners' equity:		
Share capital	1,029,923,715.00	1,044,597,881.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	2,740,508,510.57	2,753,002,178.30
Less: Inventory shares		26,430,571.38
Other comprehensive income		
Special reserve		
Surplus reserve	422,893,071.22	422,893,071.22
Retained profit	954,841,658.45	952,820,937.05
Total owner's equity	5,148,166,955.24	5,146,883,496.19
Total liabilities and owner's equity	11,138,003,095.29	11,361,679,167.42

### 3. Consolidated Profit Statement

In RMB

Item	Semi-annual of 2022	Semi-annual of 2021
I. Total operating income	10,224,503,551.19	9,602,759,345.29
Including: Operating income	10,224,503,551.19	9,602,759,345.29
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	10,156,306,873.88	9,556,489,547.17
Including: Operating cost	9,061,080,531.06	8,177,231,196.17
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	79,701,444.29	61,077,730.97
Sales expense	666,066,309.98	984,805,928.94
Administrative expense	164,132,141.97	152,957,426.98
R&D expense	248,112,774.54	186,113,254.21
Financial expense	-62,786,327.96	-5,695,990.10
Including: Interest expenses	16,913,382.96	37,292,383.25

Interest income	66,581,155.37	62,433,816.96
Add: Other income	48,325,391.81	57,250,100.93
Investment income (Loss is listed with “-”)	13,816,261.75	52,533,705.90
Including: Investment income on affiliated company and joint venture	8,971,315.55	-16,047,810.77
The termination of income recognition for financial assets measured by amortized cost	-10,198,142.54	
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)	3,562,737.04	-9,731,654.29
Loss of credit impairment (Loss is listed with “-”)	-50,466,619.13	-15,121,003.89
Losses of devaluation of asset (Loss is listed with “-”)	-29,791,822.84	-43,310,366.42
Income from assets disposal (Loss is listed with “-”)	8,358,775.10	-208,978.90
III. Operating profit (Loss is listed with “-”)	62,001,401.04	87,681,601.45
Add: Non-operating income	2,910,887.79	5,862,320.71
Less: Non-operating expense	2,332,960.83	760,592.62
IV. Total profit (Loss is listed with “-”)	62,579,328.00	92,783,329.54
Less: Income tax expense	-10,115,573.46	37,086,971.38
V. Net profit (Net loss is listed with “-”)	72,694,901.46	55,696,358.16
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	72,694,901.46	55,696,358.16
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	60,375,199.25	37,157,511.54
2.Minority shareholders’ gains and losses	12,319,702.21	18,538,846.62
VI. Net after-tax of other comprehensive income	161,477.79	-1,257,750.59
Net after-tax of other comprehensive income attributable to owners of parent company	61,187.61	-1,271,363.35
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss	61,187.61	-1,271,363.35
1.Other comprehensive income under equity method that can transfer to gain/loss		-177,046.32
2.Change of fair value of other debt investment		



3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements	61,187.61	-1,094,317.03
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders	100,290.18	13,612.76
VII. Total comprehensive income	72,856,379.25	54,438,607.57
Total comprehensive income attributable to owners of parent Company	60,436,386.86	35,886,148.19
Total comprehensive income attributable to minority shareholders	12,419,992.39	18,552,459.38
VIII. Earnings per share:		
(i) Basic earnings per share	0.0582	0.0356
(ii) Diluted earnings per share	0.0582	0.0356

As for the enterprise combined under the same control, net profit of 0 yuan achieved by the merged party before combination while 0 yuan achieved last period

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

#### 4. Profit Statement of Parent Company

In RMB

Item	Semi-annual of 2022	Semi-annual of 2021
I. Operating income	3,276,506,161.47	3,975,751,904.29
Less: Operating cost	3,060,604,345.52	3,701,614,201.55
Taxes and surcharge	27,794,762.55	21,839,365.11
Sales expenses	80,728,268.23	99,271,533.62
Administration expenses	53,782,990.89	56,254,420.78
R&D expenses	108,366,509.30	72,054,454.73
Financial expenses	-22,635,899.49	-4,429,587.19
Including: Interest expenses	16,599,488.01	29,845,405.90
Interest income	36,123,851.00	39,962,405.83
Add: Other income	21,184,281.25	36,911,268.50
Investment income (Loss is listed with “-”)	47,530,171.27	37,411,973.74
Including: Investment income on affiliated Company and joint venture	5,509,596.07	-15,045,065.49
The termination of income recognition for financial assets	-1,663,033.71	

measured by amortized cost (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)	1,369,068.05	-21,631,996.66
Loss of credit impairment (Loss is listed with “-”)	-7,829,056.61	-528,447.83
Losses of devaluation of asset (Loss is listed with “-”)	-1,325,668.27	-3,955,719.18
Income on disposal of assets (Loss is listed with “-”)	8,344,824.89	-82,639.64
II. Operating profit (Loss is listed with “-”)	37,138,805.05	77,271,954.62
Add: Non-operating income	857,194.10	2,299,511.52
Less: Non-operating expense	1,088,570.22	288,232.95
III. Total Profit (Loss is listed with “-”)	36,907,428.93	79,283,233.19
Less: Income tax	-16,609,478.22	15,578,001.89
IV. Net profit (Net loss is listed with “-”)	53,516,907.15	63,705,231.30
(i) continuous operating net profit (net loss listed with “-”)	53,516,907.15	63,705,231.30
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		
(i) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	53,516,907.15	63,705,231.30
VII. Earnings per share:		
(i) Basic earnings per share	0.0516	0.0610
(ii) Diluted earnings per share	0.0516	0.0610

## 5. Consolidated Cash Flow Statement

In RMB

Item	Semi-annual of 2022	Semi-annual of 2021
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	10,312,619,575.60	8,512,320,086.90
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received	379,915,276.10	316,502,790.54
Other cash received concerning operating activities	72,807,336.47	79,642,427.61
Subtotal of cash inflow arising from operating activities	10,765,342,188.17	8,908,465,305.05
Cash paid for purchasing commodities and receiving labor service	8,685,143,427.78	7,728,511,418.75
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	859,700,605.67	860,117,506.67
Taxes paid	254,144,466.19	145,836,080.82
Other cash paid concerning operating activities	391,300,471.18	762,496,415.63
Subtotal of cash outflow arising from operating activities	10,190,288,970.82	9,496,961,421.87
Net cash flows arising from operating activities	575,053,217.35	-588,496,116.82
II. Cash flows arising from investing activities:		
Cash received from recovering investment	221,539,824.00	700,000,000.00
Cash received from investment income	17,907,264.72	6,856,855.12
Net cash received from disposal of fixed, intangible and other long-term assets	15,074,662.60	1,095,433.16
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	65,647,218.13	138,387,471.00
Subtotal of cash inflow from investing activities	320,168,969.45	846,339,759.28

Cash paid for purchasing fixed, intangible and other long-term assets	132,916,669.27	125,772,890.37
Cash paid for investment	1,024,040,000.00	1,420,000,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	7,635,033.86	47,506.93
Subtotal of cash outflow from investing activities	1,164,591,703.13	1,545,820,397.30
Net cash flows arising from investing activities	-844,422,733.68	-699,480,638.02
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		15,000,000.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		15,000,000.00
Cash received from loans	647,040,918.37	934,661,487.16
Other cash received concerning financing activities	84,181.37	4,675,857.30
Subtotal of cash inflow from financing activities	647,125,099.74	954,337,344.46
Cash paid for settling debts	490,000,000.00	1,232,876,410.00
Cash paid for dividend and profit distributing or interest paying	76,995,651.40	66,120,511.52
Including: Dividend and profit of minority shareholder paid by subsidiaries	21,318,560.00	1,598,892.00
Other cash paid concerning financing activities	432,350,094.27	11,341,697.18
Subtotal of cash outflow from financing activities	999,345,745.67	1,310,338,618.70
Net cash flows arising from financing activities	-352,220,645.93	-356,001,274.24
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	19,041,476.23	-14,000,285.27
V. Net increase of cash and cash equivalents	-602,548,686.03	-1,657,978,314.35
Add: Balance of cash and cash equivalents at the period -begin	5,840,194,931.57	6,425,529,815.10
VI. Balance of cash and cash equivalents at the period -end	5,237,646,245.54	4,767,551,500.75

## 6. Cash Flow Statement of Parent Company

Item	In RMB	
	Semi-annual of 2022	Semi-annual of 2021
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	3,474,091,634.50	3,289,172,496.97
Write-back of tax received	130,797,515.16	161,887,225.42
Other cash received concerning operating activities	26,282,682.89	52,318,868.30
Subtotal of cash inflow arising from operating activities	3,631,171,832.55	3,503,378,590.69
Cash paid for purchasing commodities and receiving labor service	3,359,375,348.84	3,656,146,099.06
Cash paid to/for staff and workers	238,053,008.99	234,676,912.75
Taxes paid	27,088,361.68	26,688,550.76
Other cash paid concerning operating activities	113,679,202.41	313,451,006.32

Subtotal of cash outflow arising from operating activities	3,738,195,921.92	4,230,962,568.89
Net cash flows arising from operating activities	-107,024,089.37	-727,583,978.20
II. Cash flows arising from investing activities:		
Cash received from recovering investment	1,539,824.00	700,000,000.00
Cash received from investment income	51,118,076.00	7,992,927.12
Net cash received from disposal of fixed, intangible and other long-term assets	15,055,871.00	867,706.09
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	36,717,526.66	94,536,857.03
Subtotal of cash inflow from investing activities	104,431,297.66	803,397,490.24
Cash paid for purchasing fixed, intangible and other long-term assets	94,314,583.83	71,849,222.83
Cash paid for investment	440,000,000.00	1,455,000,000.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	2,906,095.09	102,662.47
Subtotal of cash outflow from investing activities	537,220,678.92	1,526,951,885.30
Net cash flows arising from investing activities	-432,789,381.26	-723,554,395.06
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Cash received from loans	612,040,918.37	924,661,487.16
Other cash received concerning financing activities	182,953,531.16	170,670,545.80
Subtotal of cash inflow from financing activities	794,994,449.53	1,095,332,032.96
Cash paid for settling debts	480,000,000.00	1,149,699,750.00
Cash paid for dividend and profit distributing or interest paying	55,402,489.41	63,099,086.76
Other cash paid concerning financing activities	46,535,119.44	146,209,276.30
Subtotal of cash outflow from financing activities	581,937,608.85	1,359,008,113.06
Net cash flows arising from financing activities	213,056,840.68	-263,676,080.10
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	7,291,862.96	-5,782,949.41
V. Net increase of cash and cash equivalents	-319,464,766.99	-1,720,597,402.77
Add: Balance of cash and cash equivalents at the period -begin	3,414,961,989.34	4,597,503,833.78
VI. Balance of cash and cash equivalents at the period -end	3,095,497,222.35	2,876,906,431.01

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

This Period

In RMB

Item	Semi-annual of 2022												
	Owners' equity attributable to the parent Company										Minority interests	Total owners' equity	
	Share capital	Other equity instrument	Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other			Subtotal
Preferred stock	Perpetual securities												
I. The ending balance of the previous year	1,044,597,881.00		2,682,829,400.26	26,430,571.38	-20,903,270.57		423,111,236.90		734,129,724.00		4,837,334,400.21	157,456,980.84	4,994,791,381.05
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													

II. The beginning balance of the current year	1,044,597,881.00				2,682,829,400.26	26,430,571.38	-20,903,270.57	423,111,236.90	734,129,724.00	4,837,334,400.21	157,456,980.84	4,994,791,381.05
III. Increase/ Decrease in the period (Decrease is listed with “-”)	-14,674,166.00				-12,493,667.73	-26,430,571.38	61,187.61		8,879,013.50	8,202,938.76	-8,898,567.61	-695,628.85
(i) Total comprehensive income							61,187.61		60,375,199.25	60,436,386.86	12,419,992.39	72,856,379.25
(ii) Owners’ devoted and decreased capital	-14,674,166.00				-12,493,667.73	-26,430,571.38				-737,262.35		-737,262.35
1.Common shares invested by shareholders	-14,674,166.00				-12,493,667.73	-26,430,571.38				-737,262.35		-737,262.35
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(iii) Profit distribution									-51,496,185.75	-51,496,185.75	-21,318,560.00	-72,814,745.75
1. Withdrawal of surplus reserves												
2. Withdrawal of general risk provisions												
3. Distribution for owners (or shareholders)									-51,496,185.75	-51,496,185.75	-21,318,560.00	-72,814,745.75
4. Other												
(iv) Carrying forward internal owners’ equity												
1. Capital reserves												

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

Last Period

In RMB

Item	Semi-annual of 2021													Minority interests	Total owners' equity	
	Owners' equity attributable to the parent Company											Subtotal				
	Share capital	Other equity instrument	Capital reserve	Less: Inventory	Other comprehensive	Reasonab	Surplus reserve	Provision	Retained profit	Other						



		Pr efe rre d sto ck	Pe rp etu al ca pit al se cui riti es	Ot he r	shares	income	le rese rve		of gene ral risk		r				
I. The ending balance of the previous year	1,044,597,881.00				2,683,837,229.12	9,929,336.18	-21,451,084.17		416,364,790.43		740,754,202.23		4,854,173,682.43	107,921,283.49	4,962,094,965.92
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. The beginning balance of the current year	1,044,597,881.00				2,683,837,229.12	9,929,336.18	-21,451,084.17		416,364,790.43		740,754,202.23		4,854,173,682.43	107,921,283.49	4,962,094,965.92
III. Increase/ Decrease in the period (Decrease is listed with “-”)					-3,735.20	7,029,141.10	-1,271,363.35				-14,618,909.06		-22,923,148.71	31,953,567.38	9,030,418.67
(i) Total comprehensive							-1,271,363.35				37,157,511.54		35,886,148.19	18,552,459.38	54,438,607.57

income															
(ii) Owners' devoted and decreased capital					-3,735.20	7,029,141.10							-7,032,876.30	15,000,000.00	7,967,123.70
1.Common shares invested by shareholders					-3,735.20	7,029,141.10							-7,032,876.30	15,000,000.00	7,967,123.70
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other															
(iii) Profit distribution															
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)															
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. Carry-over retained earnings from the defined benefit plans														
5. Carry-over retained earnings from other comprehensive income														
6. Other														
(v) Reasonable reserve														
1. Withdrawal in the report period														
2. Usage in the report period														
(vi) Others														
IV. Balance at the end of the period	1,044,597,881.00			2,683,833,493.92	16,958,477.28	-22,722,447.52	416,364,790.43	726,135,293.17	4,831,250,533.72	139,874,850.87	4,971,125,384.59			

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

This Period

In RMB

Item	Semi-annual of 2022										
	Share capital	Other	Capital reserve	Less:	Other	Reasonabl	Surplus reserve	Retained profit	Othe	Total owners'	

		equity instrument				Inventory shares	comprehensive income	e reserve		r	equity
		Preferred stock	Perpetual capital securities	Other							
I. The ending balance of the previous year	1,044,597,881.00				2,753,002,178.30	26,430,571.38			422,893,071.22	952,820,937.05	5,146,883,496.19
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. The beginning balance of the current year	1,044,597,881.00				2,753,002,178.30	26,430,571.38			422,893,071.22	952,820,937.05	5,146,883,496.19
III. Increase/ Decrease in the period (Decrease is listed with "-")	-14,674,166.00				-12,493,667.73	-26,430,571.38				2,020,721.40	1,283,459.05
(i) Total comprehensive income										53,516,907.15	53,516,907.15
(ii) Owners' devoted and decreased capital	-14,674,166.00				-12,493,667.73	-26,430,571.38					-737,262.35
1.Common shares invested by shareholders	-14,674,166.00				-12,493,667.73	-26,430,571.38					-737,262.35
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other											
(iii) Profit distribution										-51,496,185.75	-51,496,185.75

1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-51,496,185.75		-51,496,185.75
3. Other												
(iv) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(v) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(vi) Others												
IV. Balance at the end of the period	1,029,923,715.00				2,740,508,510.57				422,893,071.22	954,841,658.45		5,148,166,955.24

Last period

In RMB

Item	Semi-annual of 2021											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. The ending balance of the previous year	1,044,597,881.00				2,753,137,787.99	9,929,336.18			416,146,624.75	943,879,339.46		5,147,832,297.02
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. The beginning balance of the current year	1,044,597,881.00				2,753,137,787.99	9,929,336.18			416,146,624.75	943,879,339.46		5,147,832,297.02
III. Increase/ Decrease in the period (Decrease is listed with “-”)					-3,735.20	7,029,141.10				11,928,810.70		4,895,934.40
(i) Total comprehensive income										63,705,231.30		63,705,231.30
(ii) Owners' devoted and decreased capital					-3,735.20	7,029,141.10						-7,032,876.30
1. Common shares invested by shareholders					-3,735.20	7,029,141.10						-7,032,876.30
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												

4. Other													
(iii) Profit distribution												-51,776,420.60	-51,776,420.60
1. Withdrawal of surplus reserves													
2. Distribution for owners (or shareholders)												-51,776,420.60	-51,776,420.60
3. Other													
(iv) Carrying forward internal owners' equity													
1. Capital reserves converted to capital (share capital)													
2. Surplus reserves converted to capital (share capital)													
3. Remedying loss with surplus reserve													
4. Carry-over retained earnings from the defined benefit plans													
5. Carry-over retained earnings from other comprehensive income													
6. Other													
(v) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													

(vi) Others												
IV. Balance at the end of the period	1,044,597,881.00				2,753,134,052.79	16,958,477.28			416,146,624.75	955,808,150.16		5,152,728,231.42



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

From 1 January 2022 to 30 June 2022

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

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### **I. Company profile**

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

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

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

On 29 May 2008, concerning 34,359,384 state-owned shares (including 3,360,329 shares paid for other non-tradable shareholders by original Meiling Group in share reform) held by original Meiling Group, the “Notice of Freely Transfer of Meiling Electrics Equity held by Meiling Group” [HGZCQ(2008) No. 59] issued from State-owned Assets Supervision & Administration Commission of Hefei Municipal, agrees to transfer the above said shares to Hefei Xingtai Holding Group Co., Ltd. (“Xingtai Holding Co.”) for free. On 7 August 2008, the “Reply of Transfer Freely of Part of the Shares of Hefei Meiling Co., Ltd. held by State-owned shareholders” [GZCQ (2007) No. 752] issued by SASAC, agrees the above said transferring.

On October 29, 2008, Changhong Group signed Agreement on Equity Transfer of Hefei Meiling Co., Ltd with Sichuan Changhong, in which 32,078,846 tradable A-shares with conditional subscription of the Company (accounting for 7.76% in total shares) held by Changhong Group. On 23 December 2008, “Reply of Transfer

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

From 1 January 2022 to 30 June 2022

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

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Freely of Part of the Shares of Hefei Meiling Co., Ltd. held by State-owned shareholders” [GZCQ (2008) No. 1413] issued by SASAC agrees the above said share transferring.

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

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

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

On November 18, 2015, considered and approved by the 12<sup>th</sup> Session of the 8<sup>th</sup> BOD of the company and the first extraordinary general meeting in 2016, and approved by the document of China Securities Regulatory Commission [CSRC License No. (2016) 1396] “Reply to the approval of non-public offering of shares of Hefei Meiling Co., Ltd.”, the company has actually raised funds of 1,569,999,998.84 yuan by non-public offering of no more than 334,042,553 new shares at face value of 1 yuan per share and with issue price no less than 4.70 yuan per share, after deducting the issue costs of 29,267,276.08 yuan, the net amount of raised funds is 1,540,732,722.76 yuan, the increased paid-in capital (share capital) of 280,858,676.00 yuan, increased capital

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

From 1 January 2022 to 30 June 2022

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

reserve (share premium) of 1,259,874,046.76 yuan. This capital increase has been verified by No. [XYZH2016CDA40272] capital verification report of Shine Wing Certified Public Accountants (LLP).

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

Ended as June 30, 2022, total share capital of the Company amounting to 1,029,923,715 shares with ordinary shares in full. Among which, 881,733,881 shares of A-share accounting 85.61% in total shares while B-share with 148,189,834 shares accounting 14.39% in total shares. Specific capital structure is as follows:

Type of stock	Quantity	Proportion
<b>(I)Restricted shares</b>	<b>7,192,492</b>	<b>0.70%</b>
1. State-owned shares		
2. State-owned legal person's shares	1,141,053	0.11%
3. Other domestic shares	4,784,019	0.46%
Including: Domestic legal person's shares	3,363,539	0.33%
Domestic natural person's shares	1,420,480	0.14%
4. Foreign shares	1,267,420	0.12%
Including: Overseas legal person's shares		
Overseas natural person's shares	1,267,420	0.12%
<b>(II)Unrestricted shares</b>	<b>1,022,731,223</b>	<b>99.30%</b>
1. RMB Ordinary shares	875,808,809	85.04%
2. Domestically listed foreign shares	146,922,414	14.27%
3. Overseas listed foreign shares		
4. Others		
<b>Total shares</b>	<b>1,029,923,715</b>	<b>100.00%</b>

The Company belongs to the manufacture of light industry, and engaged in the production and sale of refrigerator, freezer and air-conditioner. Unified social credit code of the Company: 9134000014918555XK; Address: No.2163, Lianhua Road, Economy and Technology Development Zone, Hefei City; Legal Representative: Wu Dinggang; register capital (paid-in capital): 1,029,923,715 yuan; type of company: limited liability company(joint venture and listed of Taiwan, Hong Kong and Macao) Business Scope: R&D, manufacture and sales of cooling apparatus, air-conditioner, washing machine, water heater, kitchenware, home decoration, bathroom, lamps & lanterns, household & similar appliance, injection plastic machine of

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

From 1 January 2022 to 30 June 2022

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

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computer controlling, plastic products, metalwork, packaging products and decorations as well as the installation and technical consultant services. Business of self-produced products, technology export and import-export of the raw& auxiliary materials, machinery equipment, instrument and technology; department sales and transportation (Excluding dangerous chemicals), computer network system integration, intelligent product system integration, software development and technical information services, development, production, sales and service of automation equipment and electronic products, sales services of cold chain transport vehicles and refrigerator and freezer van, development, production, sales and service of cold chain insulation boxes, research and development, production, sales and service of cold storage, commercial freezer chain display cabinets, commercial cold chain products. (Projects that require approval in accordance with the law can only be operated after approval by relevant departments)

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

In the reporting period, the consolidated financial statements of the Company cover 26 subsidiaries, including Sichuan Changhong Air-conditioner Co., Ltd, Zhongshan Changhong Electric Co., Ltd. and Zhongke Meiling Cryogenic Technology Co., Ltd, and the rest. Compared with the previous year, one subsidiary Jinan Xiangyou Electric Appliances Marketing Co., Ltd was decreased in the consolidation scope for liquidation. The Zhengzhou Meiling Electric Appliances Marketing Co., Ltd was decreased for mergers & acquisition.

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

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

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

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

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

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

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

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

The financial statement prepared by the Company applies with the requirements of Accounting Standard for

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

From 1 January 2022 to 30 June 2022

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

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

### **2. Accounting period**

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

### **3. Operation cycle**

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

### **4. Standard currency for accounting**

The Company takes RMB as the standard currency for accounting.

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

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

The acquiree's net identifiable assets, liabilities or contingent liabilities acquired through business combination not under common control shall be measured at fair value as of the acquisition date. The cost of combination represents the fair value of the cash or non-cash assets paid, liabilities issued or committed and equity securities issued by the Company as at the date of combination in consideration for acquiring the controlling power in the acquiree, together with the sum of any directly related expenses occurred during business combination (in case of such business combination as gradually realized through various transactions, the combination cost refers to the sum of each cost of respective separate transaction). Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquirer's identifiable net assets acquired, the difference is recognized as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the Company shall firstly make further review on the fair values of the net identifiable assets, liabilities or contingent liabilities acquired as well as the fair value of the non-cash assets portion of combination consideration or the equity securities issued by the Company. In case that the Company finds the cost of combination is still lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets after such further review, the difference is recognized in non-operating income for the current period when combination occurs.

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

From 1 January 2022 to 30 June 2022

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

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

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

From 1 January 2022 to 30 June 2022

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

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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

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of the subsidiary, the differences between the actual disposal price and the share of the net assets of the subsidiary disposed of in every transaction should be recognized as other comprehensive income in the consolidated financial statements, and transferred to profit or loss when losing control.

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

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

### 8. Cash and cash equivalents

Cash in the cash flow statement comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

#### (1) Foreign currency business

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

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

Spot exchange rate as of the balance sheet date is adopted for conversion of assets and liabilities in foreign currency balance sheet; as for the items in statement of owners' equity except for "Retained profit", conversion is made pursuant to the spot exchange rate of business day; income and expense items in income statement then are also converted pursuant to the spot exchange rate of transaction day. Difference arising from the



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aforementioned conversions shall be listed separately in items of owners' equity. Spot exchange rate as of the occurrence date of cash flow is adopted for conversion of foreign currency cash flow. The amount of cash affected by exchange rate movement shall be listed separately in cash flow statement.

### 10. Financial assets and liabilities

A financial asset or liability is recognized when the group becomes a party to a financial instrument contract. The financial assets and financial liabilities are measured at fair value on initial recognition. For the financial assets and liabilities measured by fair value and with variation reckoned into current gains/losses, the related transaction expenses are directly included in current gains or losses; for other types of financial assets and liabilities, the related transaction costs are included in the initial recognition amount.

#### (1) Method for determining the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can get by selling an asset or has to pay for transferring a liability in an orderly transaction that occurs on the measurement date. For a financial instrument having an active market, the Company uses the quoted prices in the active market to determine its fair value. Quotations in an active market refer to prices that are readily available from exchanges, brokers, industry associations, pricing services, etc., and represent the prices of market transactions that actually occur in an arm's length transaction. If there is no active market for a financial instrument, the Company uses valuation techniques to determine its fair value. Valuation techniques include reference to prices used in recent market transactions by parties familiar with the situation and through voluntary trade, and reference to current fair values of other financial instruments that are substantially identical, discounted cash flow methods, and option pricing models.

#### (2) Category and measurement on financial assets

The group divided the financial assets as the follow while initially recognized: the financial assets measured at amortized cost; the financial assets measured at fair value and whose changes are included in other comprehensive income; and the financial assets measured by fair value and with variation reckoned into current gains/losses. The classification of financial assets depends on the business model that the Group's enterprises manage the financial assets and the cash flow characteristics of the financial assets.

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

Financial assets are classified as financial assets measured at amortized cost when they also meet the following conditions: The group's business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial assets stipulate that cash flow generated on a specific date is only paid for the principal and interest based on the outstanding principal amount. For such financial assets, the effective interest method is used for subsequent measurement according to the amortized cost, and the gains or losses arising from amortization or impairment are included in current profits and losses. Such financial assets mainly include monetary funds, notes receivable, accounts receivable, other receivables, debt investment and long-

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term receivables, and so on. The Group lists the debt investment and long-term receivables due within one year (including one year) from the balance sheet date as non-current assets due within one year, and lists the debt investment with time limit within one year (including one year) when acquired as other current assets.

### 2) Financial assets measured at fair value and whose changes are included in other comprehensive income

Financial assets are classified as financial assets measured at fair value and whose changes are included in other comprehensive income when they also meet the following conditions: The Group's business model for managing the financial assets is targeted at both the collection of contractual cash flows and the sale of financial assets; the contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. For such financial assets, fair value is used for subsequent measurement. The discount or premium is amortized by using the effective interest method and is recognized as interest income or expenses. Except the impairment losses and the exchange differences of foreign currency monetary financial assets are recognized as the current profits and losses, the changes in the fair value of such financial assets are recognized as other comprehensive income until the financial assets are derecognized, the accumulated gains or losses are transferred to the current profits and losses. Interest income related to such financial assets is included in the current profit and loss. Such financial assets are listed as other debt investments, other debt investments due within one year (including one year) from the balance sheet date are listed as non-current assets due within one year; and other debt investments with time limit within one year (including one year) when acquired are listed as other current assets.

### 3) Financial assets measured at fair value and whose changes are included in current gains/losses

Financial assets except for the above-mentioned financial assets measured at amortized cost and financial assets measured at fair value and whose changes are included in other comprehensive income are classified as financial assets measured at fair value and whose changes are included in current profits and losses, which adopt fair value for subsequent measurement and all changes in fair value are included in current profits and losses. The Group classifies non-trading equity instruments as financial assets measured at fair value and whose changes are included in current profits and losses. Such financial assets are presented as trading financial assets, and those expire after more than one year and are expected to be held for more than one year are presented as other non-current financial assets.

### (3) Devaluation of financial instrument

On the basis of expected credit losses, the Group performs impairment treatment on financial assets measured at amortized cost and financial assets measured at fair value and whose changes are included in other comprehensive income and recognize the provisions for loss.

Credit loss refers to the difference between all contractual cash flows that the Company discounts at the original actual interest rate and are receivable in accordance with contract and all cash flows expected to be received,

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that is, the present value of all cash shortages. Among them, for the purchase or source of financial assets that have suffered credit impairment, the Company discounts the financial assets at the actual interest rate adjusted by credit.

The Group considers all reasonable and evidenced information, including forward-looking information, based on credit risk characteristics. When assessing the expected credit losses of receivables, they are classified according to the specific credit risk characteristics as follows:

1) For receivables and contractual assets and lease receivables (including significant financing components and not including significant financing components), the Group measures the provisions for loss based on the amount of expected credit losses equivalent to the entire duration.

Evaluate expected credit losses based on individual items: credit notes receivable (including accepted letters of credit) of financial institutions in notes receivable and accounts receivable, and related party payments (related parties under the same control and significant related parties); dividends receivable, interest receivable, reserve funds, investment loans, cash deposits (including warranty), government grants (including dismantling subsidies) in other receivables, and receivables with significant financing components (i.e. long-term receivables);

Evaluate expected credit losses based on customer credit characteristics and ageing combinations: in addition to evaluating expected credit losses based on individual items, the Group evaluates the expected credit losses of notes receivable and accounts receivable and other receivables financial instruments based on customer credit characteristics and ageing combinations.

The Group considers all reasonable and evidenced information, including forward-looking information, when assessing expected credit losses. When there is objective evidence that its customer credit characteristics and ageing combination cannot reasonably reflect its expected credit loss, the current value of the expected future cash flow is measured by a single item, and the cash flow shortage is directly written down the book balance of the financial asset.

2) Assess the expected credit losses on a case-by-case basis for other assets to which the financial instruments are impaired, such as the loan commitments and financial guarantee contracts that are not measured at fair value through profit or loss, financial assets measured at fair value and whose changes are recognized in other comprehensive income; other financial assets measured at amortized cost (such as other current assets, other non-current financial assets, etc.).

(4) Reorganization basis and measure method for transfer of financial assets

The financial assets meet one of following requirements will be terminated recognition:  The contract rights of collecting cash flow of the financial assets is terminated;  The financial assets has already been transferred, and the Company has transferred almost all risks and remunerations of financial assets ownership to the

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

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

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

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

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

### (5) Category and measurement of financial liability

Financial liability is classified into financial liability measured by fair value and with variation reckoned into current gains/losses and other financial liability at initially measurement. Financial liability shall be initially recognized and measured at fair value. As for the financial liability measured by fair value and with variation reckoned into current gains/losses, relevant trading costs are directly reckoned into current gains/losses while other financial liability shall be reckoned into the initial amount recognized.

the financial liability measured by fair value and with variation reckoned into current gains/losses

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The conditions to be classified as trading financial liabilities and as financial liabilities designated to be measured at fair value and whose changes are included in current profit or loss at the initial recognition are consistent with the conditions to be classified as trading financial assets and as financial assets designated to be measured at fair value and whose changes are included in current profit or loss at the initial recognition. Financial liabilities measured at fair value and whose changes are included in current profit or loss are subsequently measured at fair value, and the gain or loss arising from changes in fair value and the dividends and interest expense related to these financial liabilities are included in current profit or loss.

### Other financial liability

It must go through the delivery of the derivative financial liabilities settled by the equity instrument to link to the equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured, and the subsequent measurement is carried out in accordance with the cost. Other financial liabilities are subsequently measured at amortized cost by using the effective interest method. The gain or loss arising from derecognition or amortization is included in current profit or loss.

### Financial guarantee contract

The financial guarantee contract of a financial liability which is not designated to be measured at fair value through profit or loss is initially recognized at fair value, and its subsequent measurement is carried out by the higher one between the amount confirmed in accordance with the Accounting Standards for Business Enterprises No. 13 — Contingencies after initial recognition and the balance after deducting the accumulated amortization amount determined in accordance with the principle of Accounting Standards for Business Enterprises No. 14—Revenue from the initial recognition amount.

### (6) Termination of recognition of financial liability

The financial liability or part of it can only be terminated for recognized when all or part of the current obligation of the financial liability has been discharged. The Group (debtor) and the creditor sign an agreement to replace the existing financial liabilities with new financial liabilities, and if the contract terms of the new financial liabilities are substantially different from the existing financial liabilities, terminated for recognized the existing financial liabilities and at the same time recognize the new financial liabilities. If the financial liability is terminated for recognized in whole or in part, the difference between the carrying amount of the part that terminated for recognized and the consideration paid (including the transferred non-cash assets or the assumed new financial liabilities) is included in current profits and losses.

### (7) Off-set between the financial assets and liabilities

When the Company has a legal right to offset a recognized financial asset and a financial liability and such legal right is currently enforceable, and the Company plans to settle the financial asset on a net basis or to

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realize the financial asset and settle the financial liability simultaneously, the financial asset and the financial liability are presented in the balance sheet at their respective offsetting amounts. In addition, the financial assets and financial liabilities are presented in the balance sheet separately, and are not offset against each other.

### **(8) Derivatives and embedded derivatives**

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

### **(9) Equity instrument**

The equity instrument is the contract to prove the holding of the surplus stock of the assets with the deduction of all liabilities in the Group. The Company issues (including refinancing), repurchases, sells or cancels equity instruments as movement of equity. No fair value change of equity instrument would be recognized by the Company. Transaction costs associated with equity transactions are deducted from equity. The Group's various distributions to equity instrument holders (excluding stock dividends) reduce shareholders' equity.

## **11. Inventory**

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

Perpetual inventory system is applicable to inventories. For daily calculation, standard price is adopted for raw materials, low-value consumption goods and stock goods. Switch-back cost of the current month is adjusted by distribution price difference at the end of the month, the dispatched goods will share the cost differences of inventory while in settlement the business income; and low-value consumption goods is carried forward at

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once when being applied for use and the mould shall be amortized within one year after receipt.

Inventory at period-end is valued by the Lower-of-value between the cost and net realizable value. The provision for inventory depreciation shall be drawn from the difference between the book cost of a single inventory item and its net realizable value, and the provision for inventory depreciation shall be recorded into the current profit and loss.

### 12. Contract assets

#### (1) Confirmation methods and standards of contract assets

Contract assets refer to the right of the Company to receive consideration after transferring goods to customers, and this right depends on factors other than the passage of time. If the Company sells two clearly distinguishable commodities to a customer and has the right to receive payment because one of the commodities has been delivered, but the payment is also dependent on the delivery of the other commodity, the Company shall take the right to receive payment as a contract asset.

#### (2) Determination method and accounting treatment method of expected credit loss of contract assets

For the determination method for expected credit loss of contract assets, please refer to the above-mentioned 10. (3) Accounting treatment methods for financial instrument impairment. The Company calculates the expected credit loss of contract assets on the balance sheet date, if the expected credit loss is greater than the book value of provision for impairment of contract assets, the Company shall recognize the difference as an impairment loss, debiting the "asset impairment loss" and crediting the "contract asset impairment provision". On the contrary, the Company shall recognize the difference as an impairment gain and keep the opposite accounting records.

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

### 13. Contract cost

#### (1) The method of determining the amount of assets related to the contract cost

The Company's assets related to contract costs include contract performance cost and contract acquisition cost.

The contract performance cost is the cost incurred by the Company for the performance of the contract, those that do not fall within the scope of other accounting standards and meet the following conditions at the same time are recognized as an asset as the contract performance cost: the cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs

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clarified to be borne by the customer, and other costs incurred solely due to the contract; this cost increases the Company's future resources for fulfilling the contract's performance obligations; this cost is expected to be recovered.

Contract acquisition cost is the incremental cost incurred by the Company to obtain the contract, those that are expected to be recovered are recognized as the contract acquisition cost as an asset; if the asset amortization period does not exceed one year, it shall be included in the current profit and loss when it occurs. Incremental cost refers to the cost (such as sales commission, etc.) that will not incur if the Company doesn't obtain the contract. The Company's expenses (such as travel expenses incurred regardless of whether the contract is obtained) incurred for obtaining the contract other than the incremental costs expected to be recovered are included in the current profits and losses when they are incurred, except those are clarified to be borne by the customer.

### (2) Amortization of assets related to contract costs

The Company's assets related to contract costs are amortized on the same basis as the recognition of commodity income related to the asset and included in the current profit and loss.

### (3) Impairment of assets related to contract costs

When the Company determines the impairment loss of assets related to the contract cost, it first determines the impairment loss of other assets related to the contract that are confirmed in accordance with other relevant accounting standards for business enterprises; then based on the difference between the book value of which is higher than the remaining consideration that the Company is expected to obtain due to the transfer of the commodity related to the asset and the estimated cost of transferring the related commodity, the excess shall be provided for impairment and recognized as an asset impairment loss.

If the depreciation factors of the previous period changed later, causing the aforementioned difference to be higher than the book value of the asset, the original provision for asset impairment shall be reversed and included in the current profit and loss, but the book value of the asset after the reversal shall not exceed the book value of the asset on the reversal date under the assumption that no impairment provision is made.

## 14. Long-term equity investment

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

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



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under common control, the initial investment cost shall be the combination cost.

Excluding the long-term equity investment acquired through business combination, there is also a kind of long-term equity investment acquired through cash payment, for which the actual payment for the purchase shall be investment cost; If Long-term equity investments are acquired by issuing equity securities, fair value of issuing equity investment shall be investment cost; for Long-term equity investments which are invested by investors, the agreed price in investment contract or agreement shall be investment cost; and for long-term equity investment which is acquired through debt reorganization and non-monetary assets exchange, regulations of relevant accounting standards shall be referred to for confirming investment cost.

The Company adopts cost method for investment in subsidiaries, makes calculation for investments in joint-ventures and associates by equity method.

When calculated by cost method, long-term equity investment is priced according to its investment cost, and cost of the investment is adjusted when making additional investment or writing off investment; When calculated by equity method, current investment gains and losses represent the proportion of the net gains and losses realized by the invested unit in current year attributable to or undertaken by the investor. When the Company is believed to enjoy proportion of net gains and losses of invested unit, gains and losses attributable to the Company according to its shareholding ratio is to computer out according to the accounting policy and accounting period of the Company, on the basis of the fair value of various recognizable assets of the invested unit as at the date of obtaining of the investment, after offset of gains and losses arising from internal transactions with associates and joint-ventures, and finally to make confirmation after adjustment of net profit of the invested unit. Confirmation on gains and losses from the long-term equity investment in associates and joint-ventures held by the Company prior to the first execution day, could only stand up with the precedent condition that debit balance of equity investment straightly amortized according to its original remaining term has already been deducted, if the aforementioned balance relating to the investment do exist.

In case that investor loses joint control or significant influence over investee due to disposal of part equity interest investment, the remaining equity interest shall be calculated according to Accounting Standards for Business Enterprise No.22-Recognition and Measurement of Financial Instrument. Difference between the fair value of the remaining equity interest as of the date when loss of joint control or significant influence and the carrying value is included in current gains and losses. Other comprehensive income recognized in respect of the original equity interest investment under equity method should be treated according to the same basis which 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

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investments, or the long-term equity investments which entitles the Company with no control over the invested units any longer while with common control or significant influence.

When disposing long-term equity investment, the balance between it carrying value and effective price for obtaining shall be recorded into current investment income. When disposing long-term equity investment which is calculated by equity method, the proportion originally recorded in owners' equity shall be transferred to current investment income according to relevant ratio, except for that other movements of owners' equity excluding net gains and losses of the invested units shall be recorded into owners' equity.

### 15. Investment real estate

The investment real estate of the Company includes leased houses and buildings, and is accounted value by its cost. Cost of purchased-in investment real estate consists of payment for purchase, relevant taxes and other expenditure which is attributable to the assets directly; while cost of self-built investment real estate is formed with all necessary expenditures occurred before construction completion of the assets arriving at the estimated utilization state.

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

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

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

When investment real estate is disposed, or out of utilization forever and no economic benefit would be predicted to obtain through the disposal, the Company shall terminate recognition of such investment real 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.

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### 16. Fixed assets

Fixed assets of the Company are tangible assets that are also held for the production of goods, provision of services, rental or management of operations, have a useful life of more than one year and have a unit value of more than 2,000 yuan.

Their credit value is determined on the basis of the cost taken for obtaining them. Of which, cost of purchased-in fixed assets include bidding price and import duty and relevant taxes, and other expenditure which occurs before the fixed assets arrive at the state of predicted utilization and which could be directly attributable to the assets; while cost of self-built fixed asset is formed with all necessary expenditures occurred before construction completion of the assets arriving at the estimated utilization state; credit value of the fixed assets injected by investors is determined based on the agreed value of investment contracts or agreements, while as for the agreed value of investment contracts or agreements which is not fair, it shall take its fair value as credit value; and for fixed assets which are leased in through finance leasing, credit value is the lower of fair value of leased assets and present value of minimized leasing payment as at the commencing date of leasing.

Consequent expenditure related to fixed assets consists of expenditures for repair and update reform. For those meeting requirements for recognition of fixed assets, they would be accounted as fixed asset cost; and for the part which is replaced, recognition of its carrying value shall cease; for those not meeting requirements for recognition of fixed assets, they shall be accounted in current gains and losses as long as they occur. When fixed asset is disposed, or no economic benefit would be predicted to obtain through utilization or disposal of the asset, the Company shall terminate recognition of such fixed asset. The amount of income from disposal, transfer, discarding as scrap or damage of fixed asset after deducting the asset's carrying value and relevant taxation shall be written into current gains and losses.

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

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

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

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On the day when the construction in progress reaches the expected usable state, it will be carried forward to fixed assets according to the estimated value based on the construction budget, cost or actual construction cost, and depreciation will be accrued from the next month, and the difference in the original value of fixed assets shall be adjusted after the completion of the final accounting procedures.

### 18. Borrowing expense

For the incurred borrowing expense that can be directly attributable to fixed assets, investment real estate, and inventory which require more than one year of purchase, construction or production activities to reach the intended usable or saleable state, the capitalization begins when the asset expenditure has occurred, the borrowing expense have occurred, and the acquisition, construction or production activities necessary to make the asset reach the intended usable or saleable state have begun; when the acquisition, construction or production of assets that meet the capitalization conditions reaches the intended usable or saleable state, stop the capitalization, the borrowing expense incurred thereafter are included in the current profit and loss. If an asset that meets the capitalization conditions is abnormally interrupted during the acquisition, construction or production process, and the interruption lasts for more than 3 months, the capitalization of borrowing expense shall be suspended until the acquisition, construction or production activities of the asset restart.

Capitalization shall be exercised for interest expense actually occurred from special borrowings in current period after deduction of the interest income arising from unutilized borrowing capital which is saved in banks or deduction of investment income obtained from temporary investment; For recognition of capitalized amount of common borrowing, it equals to the weighted average of the assets whose accumulated expense or capital disburse is more than common borrowing times capitalization rate of occupied common borrowing. Capitalization rate is determined according to weighted average interest rate of common borrowing.

### 19. Right-of-use assets

When the Company becomes the lessee of the lease contract and is entitled to receive almost all the economic benefits arising from the use of the identified assets during the use period and is entitled to lead the use of the identified assets during the use period, the right-of-use assets shall be recognized based on the sum of the present value of lease liabilities, the prepaid rents and the initial direct expenses, and depreciation and interest expenses shall be recognized respectively.

When the Company becomes the lessee of the lease contract, for short-term leases with no purchase option within one year and lease contracts with a value of less than 40,000 yuan (excluding the sublease or expected sublease of assets), we choose to follow the simplified treatment and record into the related asset cost of or current profit and loss in accordance with the straight-line method during the lease period.

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### 20. Intangible assets

The Company's intangible assets include land use rights, trademark rights and non-proprietary technology, which are measured at actual cost at the time of acquisition, of which, acquired intangible assets are stated at actual cost based on the price actually paid and related other expenditure; the actual cost of an intangible asset invested by an investor is determined at the value agreed in the investment contract or agreement, except where the agreed value in the contract or agreement is not fair, in which case the actual cost is determined at fair value.

The land use rights are amortized equally over the period from the commencement date of the grant; the remaining intangible assets are amortized equally over the shortest of the estimated useful life, the contractual beneficial life and the effective life as prescribed by law. Amortization is charged to the cost of the relevant asset and to current profit or loss in accordance with the object of its benefit. The estimated useful life and amortization method for intangible assets with finite useful lives are reviewed at the end of each year and any changes are treated as changes in accounting estimates.

### 21. Research and development(R&D)

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

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

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

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### 22. Impairment of long-term assets

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

After impairment test, if the carrying value exceeds the recoverable amount of the asset, the balance is recognized as impairment loss. As long as impairment loss of the aforementioned assets is recognized, it couldn't be switched back in later accounting periods. Recoverable amount of assets refers to the higher of fair value of assets net disposal expense and present value of predicted cash flow of the asset.

Indications for impairment are as follows:

- (1) Market value of asset drops a lot in current period, the drop scope is obviously greater than the predicted drop due to move-on of times or normal utilization;
- (2) Economy, technology or law environment where enterprise operates or market where asset is located will have significant change in current or recent periods, which brings negative influence to enterprise;
- (3) Market interest rate or returning rate of other market investments have risen in current period, which brings influence in calculating discount rate of present value of predicted future cash flow of assets, which leads to a great drop in recoverable amount of such assets;
- (4) Evidence proving that asset is obsolete and out of time or its entity has been damaged;
- (5) Asset has been or will be keep aside, terminating utilization or disposed advance;
- (6) Internal report of enterprise shows that economic performance of asset has been or will be lower than prediction, such as that net cash flow created by asset or operation profit (or loss) realized by asset is greatly lower (or higher) than the predicted amount;
- (7) Other indications showing possible impairment of assets

### 23. Long-term deferred expenses

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

### 24. Contract liability

Contract liabilities reflect the Company's obligation to transfer goods to customers for consideration received or receivable from customers. Before the Company transfers the goods to the customer, if the customer has

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paid the contract consideration or the Company has obtained the right to unconditionally receive the contract consideration, the contract liability is recognized based on the received or receivable amount at the earlier time point of the actual payment by the customer and the payment due.

### 25. 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.

### 26. Staff remuneration

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

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

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

The early retirement policy for staff and workers of the Company is the compensation for encouraging staff and workers to accept the reduction voluntarily. The employees make applications voluntarily, the two parties sign the compensation agreement after approved by the Company and calculate the compensation amount

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according to the compensation standard passed by the staff representative conference, and the Company confirms it as dismiss welfare and reckons it in current profits and losses. As the Company promises to adjust the treatment for early retiring staff and workers with the increase of social basic cost of living allowances, the discount elements will not be considered for calculating the dismiss welfare.

### 27. Lease liability

When the Company becomes the lessee of the lease contract, it is entitled to obtain almost all economic benefits arising from the use of the identified assets during the period of use, and also has the right to recognize the lease liabilities of the leased assets at the present value of the outstanding lease payments after deducting the lease incentive (except for short-term leases for which simplified treatment is selected and leases of low-value assets) when directing the use of the identified assets during the period of use.

### 28. Accrual liability

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

### 29. Revenue

The Company's sales revenue is mainly comprised of revenue from sale of goods, labor providing income and revenue from assignment of asset use rights.

The Company has fulfilled the performance obligations in the contract, that is, revenue is recognized when the customer obtains control of the relevant goods or services.

If the contract contains two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation according to the relative proportion of the stand-alone selling price of the goods or services promised by each individual performance obligation on the date of the contract. The revenue is measured according to the transaction price of each individual performance obligation.

The transaction price is the amount of consideration that the Company expects to be entitled to receive due to the transfer of goods or services to customers, excluding payments on behalf of third parties. The transaction price confirmed by the Company does not exceed the amount at which the cumulatively recognized revenue will most likely not to undergo a significant switch back when the relevant uncertainty is eliminated. The money expected to be returned to the customer will be regarded as a return liability and not included in the transaction price. If there is a significant financing component in the contract, the Company shall determine the transaction price based on the amount payable on the assumption that the customer pays in cash when obtaining



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the control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest method during the contract period. On the starting date of the contract, if the Company expects that the interval between the customer's acquisition of control of the goods or services and the customer's payment of the price doesn't exceed one year, the significant financing components in the contract shall be ruled out.

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

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

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

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

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

The Company's right to receive consideration for goods or services that have been transferred to customers are presented as contractual assets, which are impaired on the basis of expected credit losses. The Company's unconditional right to receive consideration from customers is shown as an account receivable. The obligation to transfer goods or services to customers for which the Company has received consideration receivable from them is shown as a contractual liability.

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### 30. Government subsidy

Government subsidy of the Company include project grants, financial subsidies and job stabilization subsidies. Of which, asset-related government subsidy are government subsidy acquired by the Company for the acquisition or other formation of long-term assets; government subsidy related to revenue are government subsidy other than those related to assets. If the government document does not clearly specify the subsidy object, the Company will judge according to the above-mentioned distinguishing principle. If it is difficult to distinguish, it will be overall classified as a government subsidy related to income.

If government subsidies are monetary assets, they are measured according to the amount actually received. For subsidies paid on the basis of a fixed quota standard, when there is conclusive evidence at the end of the year that it can meet the relevant conditions stipulated by the financial support policy and is expected to receive financial support funds, they are measured according to the amount receivable. If the government subsidy is a non-monetary asset, it shall be measured at its fair value, when the fair value cannot be obtained reliably, it shall be measured at its nominal amount (1 yuan).

Government subsidies related to assets are recognized as deferred income. Asset-related government subsidies that are recognized as deferred income are included in the current profit and loss in installments according to the average life method during the useful life of the relevant assets.

If the relevant asset is sold, transferred, scrapped or damaged before the end of its useful life, the undistributed deferred income balance shall be transferred to the current profit and loss of asset disposal.

### 31. Deferred Income Tax Assets and Deferred Income Tax Liabilities

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

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

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### 32. Lease

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

When the Company becomes the lessee of the lease contract, for short-term leases without purchase options within one year and lease contracts with a value of less than 40,000 yuan (excluding sublease or expected sublease assets), choose simplified treatment, and include in the related asset cost or current profit and loss according to the straight-line method during the lease period.

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

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

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

### 33. Held-for-sale

(1) The Company classifies non-current assets or disposal groups that meet all of the following conditions as

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held-for-sale: 1) according to the practice of selling this type of assets or disposal groups in a similar transaction, the non-current assets or disposal group can be sold immediately at its current condition; 2) The sale is likely to occur, that is, the Company has made resolution on the selling plan and obtained definite purchase commitment, the selling is estimated to be completed within one year. Those assets whose disposal is subject to approval from relevant authority or supervisory department under relevant requirements are subject to that approval. Prior to the preliminary classification of non-current assets or disposal group as the category of held-for-sale, the Company measures the carrying value of the respective assets and liabilities within the non-current assets or disposal group under relevant accounting standards. For non-current asset or disposal group held for sale, for which it is found that the carrying value is higher than its fair value less disposal expense during the initial measurement or re-measurement on the balance sheet date, the carrying value shall be deducted to the net amount of fair value less disposal expense, and the reduced amount shall be recognized as impairment loss in profit or loss for the period, and provision of impairment of assets held for sale shall be provided for accordingly.

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

(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

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reverted recorded in profit or loss for the period. Impairment loss recognized before the asset is classified under the category of held for sale shall not be reverted.

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

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

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

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

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

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

### **34. 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.

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### 35. Income tax accounting

The Company accounted the income tax in a method of debit in balance sheet. The income tax expenses include income tax in the current year and deferred income tax. The income tax associated with the events and transactions directly included in the owners' equity shall be included in the owners' equity; and the deferred income tax derived from business combination shall be included in the carrying amount of goodwill, except for that above, the income tax expense shall be included in the profit or loss in the current period.

The income tax expense in the current year refers to the tax payable, which is calculated according to the tax laws on the events and transactions incurred in the current period. The deferred income tax refers to the difference between the carrying amount and the deferred tax assets and deferred tax liabilities at Current Year-end recognized in the method of debit in the balance sheet.

### 36. Segment information

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

### 37. Explanation on significant accounting estimation

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

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

#### (1) Inventory impairment provision

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

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

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

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

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

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

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

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

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

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

Taking into account the various uncertainties during the ten years, the Company considers no discount factor of such projected liabilities. Instead, the Company reviews the parameters (probability, proportion, maintenance expense per single set) based on the actual occurrence of maintenance expenses as of each balance sheet date.

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If obvious change is found, the Company will adjust the projected liabilities according to the latest parameters so as to reflect the best estimation.

### 38. Other comprehensive income

Other comprehensive income represents various gains and losses not recognized in current gains and losses according to other accounting rules.

Other comprehensive income items shall be reported in the following two classes under other relevant accounting rules:

(1) Other comprehensive income items that can not be reclassified into gains and losses in future accounting periods, mainly including changes arising from re-measurement of net liabilities or net assets under defined benefit plan and interest in investee's other comprehensive income which are measured under equity method and which can not be reclassified into gains and losses in future accounting periods;

(2) Other comprehensive income items that will be reclassified into gains and losses in future accounting periods upon satisfaction of required conditions, mainly includes the share of other comprehensive income that is reclassified into profit and loss when the investee's subsequent accounting periods are accounted for in accordance with the equity method and meet the specified conditions, the fair value changes occurred by the debt investment that is measured at fair value and whose changes are included in other comprehensive income, the difference between the original book value included in other comprehensive income and the fair value when a financial asset measured at amortized cost is reclassified as a financial asset measured at fair value and its changes are included in other comprehensive income, the loss provisions for financial assets measured at fair value and whose changes are included in other comprehensive income, the gains or losses generated from cash flow hedging instruments are part of effective hedging, and the differences in conversion of foreign currency financial statements.

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

(1) Change of significant accounting policy: N/A

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

## V. Taxation

### 1. Major taxes and tax rates

Tax (expenses)	Tax (expenses) base	Tax (expenses) rate
VAT	Income from sales of goods and from processing	13%, 9%, 6%, 5%, 3%
Urban maintenance and construction tax	Turnover tax	5% or 7%



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Tax (expenses)	Tax (expenses) base	Tax (expenses) rate
Education surcharge	Turnover tax	3%
Local education surcharge	Turnover tax	2%
Corporate income tax	Taxable income	15%, 20%, 25%, 30%, 33%
House property tax	Original Book value of house property×(1-30%)or annual rent income	1.2% or 12%
Land use tax	Actual land area used	1 yuan/M <sup>2</sup> to 15 yuan /M <sup>2</sup>

Description of taxpayers with different corporate income tax rates:

Name	Income tax rate
Changhong Meiling Co., Ltd.	15%
Zhongke Meiling Cryogenic Technology Co., Ltd	15%
Zhongshan Changhong Electric Co., Ltd	15%
Sichuan Hongmei Intelligent Technology Co., Ltd.	15%
Mianyang Meiling Refrigeration Co., Ltd.	15%
Changhong Meiling Ridian Technology Co., Ltd.	15%
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	15%
Hefei Meiling Nonferrous Metal Products Co., Ltd.	15%
Jiangxi Meiling Electric Appliance Co., Ltd.	15%
Sichuan Changhong Air-conditioner Co., Ltd	15%
Hebei Hongmao Daily Appliance Technology Co., Ltd.	15%
Anhui Tuoxing Technology Co., Ltd.	20%
Guangzhou Changhong Trading Co., Ltd.	20%
Anhui Ling'an Medical Equipment Co., Ltd	20%
Hefei Meiling Wulian Technology Co., Ltd	20%
CH-Meiling International (Philippines) Inc.	30%
Changhong Ruba Trading Company (Private) Limited	33%

### 2. Preferential tax

(1) On August 17, 2020, the company obtained the high-tech enterprise certificate numbered GR202034000222 approved by the Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Finance, and Anhui Provincial Taxation Bureau of the State Administration of Taxation, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

(2) On August 17, 2020, the subsidiary Zhongke Meiling Cryogenic Technology Co., Ltd. obtained the high-tech enterprise certificate numbered GR202034000072 approved by the Anhui Provincial Department of

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Science and Technology, Anhui Provincial Department of Finance, and Anhui Provincial Taxation Bureau of the State Administration of Taxation, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

(3) On December 9, 2020, the subsidiary Zhongshan Changhong Electric Co., Ltd., was included in the "Notice on Publicizing the List of the Second Batch of High-tech Enterprises to be Recognized in Guangdong Province in 2020" published by the Office of the National High-tech Enterprise Certification Management Leading Group, and continues to enjoy 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

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

(5) Subsidiary Mianyang Meiling Refrigeration Co., Ltd., belongs to the encouraged industry in the *Industrial Structure Adjustment Guidance Catalog* and enjoys the preferential taxation policy of corporate income tax for the Western Development, and the corporate income tax is levied at a reduced tax rate of 15%, valid until December 31, 2030.

(6) The subsidiary Guangdong Changhong Meiling Ridian Technology Co., Ltd. has passed the qualification of high-tech enterprise certification on 2 December 2019, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

(7) The subsidiary Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd. has passed the qualification of high-tech enterprise certification on 2 December 2019, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

(8) The subsidiary Hefei Meiling Nonferrous Metal Products Co., Ltd. has passed the qualification of high-tech enterprise certification on 18 September 2021, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

(9) The subsidiary Jiangxi Meiling Electric Appliance Co., Ltd. has passed the qualification of high-tech enterprise certification on 16 September 2019, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

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(10) The subsidiary Sichuan Changhong Air-conditioner Co., Ltd., belongs to the encouraged industry in the *Industrial Structure Adjustment Guidance Catalog* and enjoys the preferential taxation policy of corporate income tax for the Western Development, and the corporate income tax is levied at a reduced tax rate of 15%, valid until December 31, 2030.

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

(12) The subsidiary Anhui Tuoxing Technology Co., Ltd., Anhui Ling'an Medical Equipment Co., Ltd., Hefei Meiling Wulian Technology Co., Ltd., Guangzhou Changhong Trading Co., Ltd. are in compliance with the relevant standards for small and medium-sized enterprises with meager profits in the “Notice on matters related to the implementation of preferential income tax policy to support the development of small & medium-size enterprise and individual entrepreneurs” (Guoshui [2021] No. 8) and “Notice on Further Implementation of Preferential Income Tax Policies for Small & Micro Enterprises (No.: 13 of 2022)” of the Ministry of Finance and the State Administration of Taxation, and temporarily implements below policies: the part of annual taxable income that does not exceed one million yuan is included in taxable income by 12.5% after a reduction, and corporate income tax is paid at a tax rate of 20%, valid until December 31, 2022; while the part of annual taxable income exceeds one million yuan but not exceeding three million yuan is included in taxable income by 25% after a reduction, and corporate income tax is paid at a tax rate of 20%, which is valid until December 31, 2024.

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

With respect to the financial statements' figures disclosed below, unless otherwise specified, “period-beginning” refers to Jan. 1, 2022; “period-end” refers to Jun. 30, 2022; “Current Period” refers to Jan. 1 to Jun. 30, 2022; “the last period” refers to Jan. 1 to Jun. 30, 2021; the currency is RMB.

### 1. Monetary fund

Item	Ending balance	Opening balance
Cash	31,633.86	28,447.21
Bank deposit	5,236,987,879.70	5,121,110,089.59
Other monetary fund	932,537,330.83	805,215,921.34
Interest receivable on deposit	13,448,250.72	12,468,938.07
<b>Total</b>	<b>6,183,005,095.11</b>	<b>5,938,823,396.21</b>
Including: total amount deposited in overseas	6,255,478.31	8,156,154.33

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Item	Ending balance	Opening balance
Total use of restricted funds	931,910,598.85	86,159,526.57

### Other monetary fund:

Item	Ending balance	Opening balance
Cash deposit	544,756,104.36	776,959,862.25
Time deposit	354,040,000.00	
Litigation Freeze	32,103,675.00	6,603,675.00
Co-managed account funds	1,010,819.49	504,702.66
Account of foreign currency for verification	397,936.85	
Union Pay online	228,412.93	546,234.06
Taobao account		74,572.96
B share account payment	382.20	20,526,874.41
<b>Total</b>	<b>1,069,654,408.78</b>	<b>805,215,921.34</b>

Those not included in cash and cash equivalent are: balance of deposit for bank acceptance bill 543,272,065.16 yuan, L/C deposit of 1,484,039.20 yuan and time deposit of 354,040,000.00 yuan. Bank deposit 32,103,675.00 yuan frozen due to the litigation, balance of 1,010,819.49 yuan that have use restriction in condominium account and interest receivable on deposit 13,448,250.72 yuan. The remaining Monetary funds are treated as cash and cash equivalents.

### 2. Trading financial assets

Item	Ending balance	Opening balance
Financial assets measured at fair value and whose changes are included in current gains/losses	208,184,795.23	17,997,086.19
Including: Derivative financial assets	47,475,394.08	17,997,086.19
Principal and interest of wealth management products	160,709,401.15	

Trading financial assets refer to the RMB forward exchange fund in Current Period

### 3. Note receivable

#### (1) Category of note receivable

Item	Ending balance	Opening balance
Bank acceptance	439,419.03	2,216,752.22
<b>Total</b>	<b>439,419.03</b>	<b>2,216,752.22</b>
Less: bad debt provision		
<b>Book value</b>	<b>439,419.03</b>	<b>2,216,752.22</b>

#### (2) No notes endorsement or discount and undue on balance sheet date

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

Item	Amount of accounts receivable transferred at period-end
Bank acceptance	300,000.00
Trade acceptance	102,470,414.97
<b>Total</b>	<b>102,770,414.97</b>

### (4) By accrual of bad debt provision

Category	Ending balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
With bad debt provision accrual on single item	439,419.03	100			439,419.03
Including: bank acceptance	439,419.03	100			439,419.03
<b>Total</b>	<b>439,419.03</b>	<b>100</b>			<b>439,419.03</b>

(Continued)

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
With bad debt provision accrual on single item	2,216,752.22	100.00			2,216,752.22
Including: bank acceptance	2,216,752.22	100.00			2,216,752.22
<b>Total</b>	<b>2,216,752.22</b>	<b>100.00</b>			<b>2,216,752.22</b>

### 1) Note receivable withdrawal bad debt provision on single item

Name	Ending balance			
	Book balance	Bad debt provision	Provision ratio (%)	Provision reason
Bank acceptance	439,419.03			Minimal risk, holding maturity acceptance
<b>Total</b>	<b>439,419.03</b>		—	—

(Continued)

Name	Opening balance			
	Book balance	Bad debt provision	Provision ratio (%)	Provision reason
Bank acceptance	2,216,752.22			Minimal risk, holding maturity acceptance
<b>Total</b>	<b>2,216,752.22</b>		—	—

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(5) No bad debt provision of note receivable that has been accrued, withdrawn, and reversed this period

(6) No note receivable actually written off in this period.

### 4. Account receivable

(1) Category of account receivable by bad debt accrual

Category	Ending balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
<b>Account receivable that withdrawal bad debt provision by single item</b>	<b>1,042,626,200.81</b>	<b>43.08</b>	<b>29,155,889.89</b>	<b>2.80</b>	<b>1,013,470,310.92</b>
Including: current payment with related party	1,017,575,253.24	42.05	6,982,193.83	0.69	1,010,593,059.41
Account receivable with letter of credit	1,192,657.90	0.05			1,192,657.90
Account receivable with single minor amount but withdrawal single item bad debt provision	23,858,289.67	0.98	22,173,696.06	92.94	1,684,593.61
<b>Account receivable withdrawal bad debt provision by portfolio</b>	<b>1,377,396,479.09</b>	<b>56.92</b>	<b>120,013,557.89</b>	<b>8.71</b>	<b>1,257,382,921.20</b>
Including: account receivable of engineering customers	225,796,909.41	9.33	21,022,556.39	9.31	204,774,353.02
Receivables other than engineering customers	1,151,599,569.68	47.59	98,991,001.50	8.60	1,052,608,568.18
<b>Total</b>	<b>2,420,022,679.90</b>	<b>100.00</b>	<b>149,169,447.78</b>	<b>6.16</b>	<b>2,270,853,232.12</b>

(Continued)

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

1) Account receivable that withdrawal bad debt provision by single item

Account receivable with single minor amount but withdrawal bad debt provision singly, refers to the minor

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single receivables, and withdrawal bad debt provision by combination shows no risk characteristic of the receivables, 64 clients involved.

### 2) Account receivable withdrawal bad debt provision by portfolio

#### A. Account receivable of engineering customers

Account age	Ending balance		
	Book balance	Bad debt provision	Provision ratio (%)
Within 3 months (3 months included)	29,837,468.00		
More than 3 months and less than 6 months (6 months included)	28,454,538.58		
Over 6 months and within one year (One year included)	113,588,126.66		
Over one year - within 2 years (2 years included)	26,977,783.97	5,395,556.79	20.00
Over 2 years - within 3 years (3 years included)	22,623,985.20	11,311,992.60	50.00
Over 3 years	4,315,007.00	4,315,007.00	100.00
<b>Total</b>	<b>225,796,909.41</b>	<b>21,022,556.39</b>	

(Continued)

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

#### B. Receivables other than engineering customers

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Account age	Ending balance		
	Book balance	Bad debt provision	Provision ratio (%)
Within 3 months (3 months included)	907,144,840.15	9,071,448.40	1.00
More than 3 months and less than 6 months (6 months included)	47,241,864.84	4,724,186.48	10.00
Over 6 months and within one year (One year included)	77,647,870.89	15,529,574.18	20.00
Over one year - within 2 years (2 years included)	96,831,997.36	48,415,998.68	50.00
Over 2 years - within 3 years (3 years included)	7,416,013.41	5,932,810.73	80.00
Over 3 years	15,316,983.03	15,316,983.03	100.00
<b>Total</b>	<b>1,151,599,569.68</b>	<b>98,991,001.50</b>	

(Continued)

Account age	Opening balance		
	Book balance	Bad debt provision	Provision ratio (%)
Within 3 months (3 months included)	299,994,550.94	2,999,945.51	1.00
More than 3 months and less than 6 months (6 months included)	68,972,844.55	6,897,284.46	10.00
Over 6 months and within one year (One year included)	126,004,879.57	25,200,975.91	20.00
Over one year - within 2 years (2 years included)	12,130,576.34	6,065,288.17	50.00
Over 2 years - within 3 years (3 years included)	8,598,768.25	6,879,014.60	80.00
Over 3 years	10,730,696.69	10,730,696.69	100.00
<b>Total</b>	<b>526,432,316.34</b>	<b>58,773,205.34</b>	

(2) By account age

Account age	Ending balance	Opening balance
Within 3 months (3 months included)	1,835,823,014.20	1,081,226,013.94
More than 3 months and less than 6 months (6 months included)	145,211,963.66	162,654,138.54
Over 6 months and within one year (One year included)	163,722,660.71	179,880,109.29
Over one year - within 2 years (2 years included)	159,003,059.62	63,134,405.85



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Account age	Ending balance	Opening balance
Over 2 years - within 3 years (3 years included)	78,284,260.67	23,736,943.93
Over 3 years	37,977,721.04	29,697,184.83
<b>Total</b>	<b>2,420,022,679.90</b>	<b>1,540,328,796.38</b>

### (3) Bad debt provision of accounts receivable this period

Category	Opening balance	Changes this period				Ending balance
		Accrual	Withdrawal or reversal	Resale or write-off	Other decreases	
Bad debt provision	99,454,105.10	51,578,302.20	714,463.58		1,148,495.94	149,169,447.78
<b>Total</b>	<b>99,454,105.10</b>	<b>51,578,302.20</b>	<b>714,463.58</b>		<b>1,148,495.94</b>	<b>149,169,447.78</b>

(4) Account receivable actually written-off in Current Period: nil

(5) Top five receivables collected by arrears party amounting to 1,628,322,390.23 yuan in total, accounted for 67.29% of the receivables of Current Period-end, the bad debt provision accrual correspondingly amounting to 60,335,952.55 yuan at period-end balance.

(6) Account receivable terminated recognition due to the transfer of financial assets: 1,193,151,944.08 yuan

(7) No assets and liability transfer account receivable and continues to involve

### 5. Receivables financing

Item	Ending balance	Opening balance
Bank acceptance	1,380,100,294.09	1,808,109,301.56
<b>Total</b>	<b>1,380,100,294.09</b>	<b>1,808,109,301.56</b>

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

Item	Amount pledged at period-end	Amount pledged at period-begin
Bank acceptance	515,578,650.05	385,477,263.99

Note: with purpose of improving the note utilization, the Company draw up bank acceptance by pledge parts of the outstanding notes receivable to the bank. For details of the pledge of bills receivable, see Note VI. 63. Assets with restricted ownership or use rights.

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

Item	Amount derecognition at period-end	Amount without derecognition at period-end
Bank acceptance	1,145,936,133.26	
<b>Total</b>	<b>1,145,936,133.26</b>	

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### 6. Accounts paid in advance

#### (1) Age of account paid in advance

Item	Ending balance		Opening balance	
	Amount	Ratio (%)	Amount	Ratio (%)
Within one year	24,668,194.57	85.88	28,208,857.49	94.77
1-2 years	3,188,170.86	11.10	1,557,939.85	5.23
2-3 years	868,224.49	3.02		
Over 3 years				
<b>Total</b>	<b>28,724,589.92</b>	<b>100.00</b>	<b>29,766,797.34</b>	<b>100.00</b>

(2) Top 5 of account paid in advance in balance at period-end amounting to 19,882,246.82 yuan, accounted for 69.22% of the account.

### 7. Other account receivable

Item	Ending balance	Opening balance
Other account receivable	101,572,345.96	111,652,635.86
<b>Total</b>	<b>101,572,345.96</b>	<b>111,652,635.86</b>

#### (1) Category of other account receivable

Nature	Book balance at period-end	Book balance at period-begin
Export rebate	8,001,439.54	26,634,190.54
Cash deposit	57,304,812.87	70,481,345.37
Loans of employee's pretty cash	14,573,159.55	12,299,111.06
Related party not in consolidation statement	872,583.65	718,189.14
Advance money temporary	95,223.40	355,045.58
Compensation payments	21,077,786.35	
Other	373,164.28	2,289,144.60
<b>Total</b>	<b>102,298,169.64</b>	<b>112,777,026.29</b>

#### (2) Other account receivable bad debt reserves

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
Balance as at 1 Jan. 2022		1,074,390.43	50,000.00	1,124,390.43
Book balance of other account receivable in Current Period as	—	—	—	—

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Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
at 1 Jan. 2022				
--Transfer to the second stage				
-- Transfer to the third stage				
-- Reversal to the second stage				
-- Reversal to the first stage				
Provision in Current Period		-397,219.49		-397,219.49
Reversal in Current Period				
Conversion in Current Period				
Write off in Current Period				
Other change		-1,347.26		-1,347.26
<b>Balance as at 30 Jun. 2022</b>		<b>675,823.68</b>	<b>50,000.00</b>	<b>725,823.68</b>

### (3) By account age

Account age	Ending balance	Opening balance
Within 3 months (3 months included)	46,412,715.34	50,798,283.74
More than 3 months and less than 6 months (6 months included)	4,165,411.25	15,511,159.70
Over 6 months and within one year (One year included)	16,711,089.16	7,875,791.66
Over one year - within 2 years (2 years included)	25,648,393.78	28,844,885.97
Over 2 years - within 3 years (3 years included)	4,068,922.94	4,113,598.75
Over 3 years	5,291,637.17	5,633,306.47
<b>Total</b>	<b>102,298,169.64</b>	<b>112,777,026.29</b>

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

Name	Nature	Ending balance	Account age	Proportion in total other receivables ending balance (%)	Ending balance of bad debt provision
Unit I	Insurance compensation	18,970,000.00	Within 3 months	18.54	
Unit II	Cash deposit	8,780,849.40	1-2 years	8.58	
Unit III	Tax rebate	8,001,439.54	Within 3 months	7.82	
Unit IV	Cash deposit	5,320,000.00	Within 3 months	5.20	
Unit V	Cash deposit	3,692,993.00	6 months-1 year & 2-3	3.61	

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Name	Nature	Ending balance	Account age	Proportion in total other receivables ending balance (%)	Ending balance of bad debt provision
			years		
<b>Total</b>	—	<b>44,765,281.94</b>		<b>43.75</b>	

(5) No other account receivable involved government subsidies

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

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

### 8. Inventories

(1) Classification of inventories

Item	Ending balance		
	Book balance	Inventory price decline provision/contract performance cost impairment provision	Book value
Raw materials	174,635,938.38	10,907,638.25	163,728,300.13
Stock commodities	979,870,437.65	56,093,198.50	923,777,239.15
Low value consumable articles	4,953,458.19	1,381,368.56	3,572,089.63
Goods in transit	406,727,070.61	11,467,431.64	395,259,638.97
Goods-in-process	8,957,686.73		8,957,686.73
Contract performance cost	85,722,861.49	238,513.90	85,484,347.59
Deferred expense for mould	26,939,080.51		26,939,080.51
<b>Total</b>	<b>1,687,806,533.56</b>	<b>80,088,150.85</b>	<b>1,607,718,382.71</b>

(Continued)

Item	Opening balance		
	Book balance	Inventory price decline provision/contract performance cost impairment provision	Book value
Raw materials	129,438,627.36	8,482,723.94	120,955,903.42
Stock commodities	828,837,153.50	51,052,406.21	777,784,747.29
Low value consumable articles	5,564,313.19	954,827.34	4,609,485.85
Goods in transit	295,059,984.05	8,068,827.90	286,991,156.15
Goods-in-process	5,351,870.75		5,351,870.75
Contract performance cost	123,275,655.95	241,230.88	123,034,425.07
Deferred expense for mould	37,629,831.27		37,629,831.27
<b>Total</b>	<b>1,425,157,436.07</b>	<b>68,800,016.27</b>	<b>1,356,357,419.80</b>

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

Item	Opening balance	Increase this period		Decrease this period		Ending balance
		Accrual	Other	Reversal or reselling	Other	
Raw materials	8,482,723.94	3,175,642.94		750,728.63		10,907,638.25
Stock commodities	51,052,406.21	20,087,356.08		14,760,739.90	285,823.89	56,093,198.50
Goods in transit	8,068,827.90	6,097,340.32		2,698,736.58		11,467,431.64
Low value consumable articles	954,827.34	451,521.74		24,980.52		1,381,368.56
Contract performance cost	241,230.88	129,268.24		131,985.22		238,513.90
<b>Total</b>	<b>68,800,016.27</b>	<b>29,941,129.32</b>		<b>18,367,170.85</b>	<b>285,823.89</b>	<b>80,088,150.85</b>

### (3) Accrual for inventory falling price reserves

Item	Specific basis for determining of net realizable value	Reasons for the reversal or reselling in Current Period
Raw materials	Cost is higher than net realizable value (The processed products are decline)	For production
Stock commodities	Cost is higher than net realizable value (The market price at period-end fell)	For sale
Goods in transit	Cost is higher than net realizable value (The market price at period-end fell)	For sale
Low value consumable articles	Cost is higher than net realizable value	Already used
Contract performance cost	Engineering construction cost is higher than net realizable value (The processed products are decline)	Already used

## 9. Contract assets

### (1) Contract assets

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Warranty	3,122,238.55	808,716.15	2,313,522.40			
<b>Total</b>	<b>3,122,238.55</b>	<b>808,716.15</b>	<b>2,313,522.40</b>			

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

Category	Opening balance	Changes this period				Ending balance
		Accrual	Withdrawal or reversal	Resale or write-off	Other decreases	
Bad debt provision		808,716.15				808,716.15
<b>Total</b>		<b>808,716.15</b>				<b>808,716.15</b>

## 10. Other current assets

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<b>Item</b>	<b>Ending balance</b>	<b>Opening balance</b>
Value-added tax to be deducted	80,696,124.37	110,346,536.34
Advance payment of income tax	6,655,545.53	6,114,297.55
Contract acquisition cost	3,417,508.13	7,740,783.12
Prepaid disability insurance	39,317.44	39,317.44
Prepaid listing fee	2,517,169.81	
<b>Total</b>	<b>93,325,665.28</b>	<b>124,240,934.45</b>

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### 11. Long-term equity investment

Invested enterprise	Opening balance	Changes in Current Period								Ending balance	Ending balance of impairment
		Additional investment	Disinvestment	Investment profit and loss confirmed by equity method	Other comprehensive income adjustment	Other changes of equity	Declaration of cash dividends or profits	Provision for impairment	Other		
<b>Associated companies</b>											
1.Hefei Xingmei Assets Management Co., Ltd.	19,835,366.84			4,686,303.37			5,069,400.00			19,452,270.21	
2.Sichuan Zhiyijia Network Technology Co., Ltd. <sup>note 1</sup>	34,084,025.62			3,133,405.42						37,217,431.04	
3.Hong Yuan Ground Energy Heat Tech. Co., Ltd. <sup>note2</sup>	20,630,114.17			-569,440.92						20,060,673.25	
4.Sichuan Tianyou Guigu Technology Co., Ltd. <sup>note3</sup>	2,974,188.94			69,455.43						3,043,644.37	
5.Chengdu Guigu Environmental Tech. Co., Ltd. <sup>note4</sup>	9,107,964.96			33,664.25						9,141,629.21	
6.ChanghongRuba ElectricCompany(Private)Ltd. <sup>note5</sup>											
7.Hefei Xinmeitai Energy Technology Co., Ltd. <sup>note6</sup>				1,617,928.00			1,617,928.00				
<b>Total</b>	<b>86,631,660.53</b>			<b>8,971,315.55</b>			<b>6,687,328.00</b>			<b>88,915,648.08</b>	

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Note 1: on 16 December 2014, the Company executed a joint venture agreement with its controlling shareholder Sichuan Changhong Electric Co., LTD, targeting to jointly establish Sichuan Zhiyijia Network Technology Co., Ltd. On 5 January 2015, Sichuan Zhiyijia Network Technology Co., Ltd was officially incorporated with registered capital of 50 million yuan, among which, the Company made contribution of 15 million yuan with shareholding proportion of 30% and Sichuan Changhong Electric Co., LTD made contribution of 35 million yuan with shareholding proportion of 70%. In 2019, the Company increase capital of 29,087,040.00 yuan (of which: 20 million yuan reckoned in registered capital and 9,087,040 yuan reckoned in capital reserves) to Zhiyijia with shareholding ratio up to 50%.

Note 2: subsidiary Sichuan Changhong Air Conditioner Co., Ltd (“Changhong Air Conditioner”) and Hengyouyuan Technology Development Group Co., Ltd. (“Hengyouyuan”) cooperated to establish Hongyuan Ground Energy Heat Technology Co., Ltd. on 28 October 2015. The registered capital of the company is 50 million yuan, among which, Changhong Air Conditioner contributed 24.5 million yuan, accounting for 49% of the registered capital, and Hengyouyuan contributed 25.5 million yuan, accounting for 51% of the registered capital.

Note 3: Sichuan Tianyou Guigu Technology Co., Ltd. was incorporated on 31 March 2015 with registered capital of 100 million yuan. Our subsidiary Changhong Air Conditioner made capital contribution of RMB 25 million in cash, accounting for 25% of the registered capital. Chengdu Jiaodao Property Development Company made capital contribution of 20 million yuan, accounting for 20% of the registered capital. Chengdu Southwest Jiaotong University Industry (Group) Co., Ltd made capital contribution of 20 million yuan, accounting for 20% of the registered capital. Mianyang Investment Holding (Group) Co., Ltd made capital contribution of 5 million yuan, accounting for 5% of the registered capital. Shanghai Zhongcheng Xindaya Financial Information Service Co., Ltd made capital contribution of 5 million yuan, accounting for 5% of the registered capital. Jiangsu Runye Investment Co., Ltd. made capital contribution of 10 million yuan, accounting for 10% of the registered capital. In November 2015, Jiangsu Runye Investment Co., Ltd. transferred all its 10% shares to Sichuan Shuye Jiachen Real Estate Development Co., Ltd.; Chengdu Dongyu Shangmao Co., Ltd made capital contribution of 15 million yuan, accounting for 15% of the registered capital. In November 2015, Chengdu Dongyu Shangmao Co., Ltd. transferred all its 15% shares to Chengdu Dongyu No. 1 Enterprise Management Consulting Partnership (Limited Partnership). In 2016, shareholders meeting of Sichuan Tianyou Guigu Technology Co., Ltd. agreed to reduce the 50 million Yuan capital, the shareholders are reducing the capital by ratio of share-holding. After capital reduction, subsidiary Changhong Air conditioner contributed 12.5 million Yuan, representing 25% of the registered capital.

Note 4: Chengdu Guigu Environmental Tech. Co., Ltd. was incorporated on 22 May 2013 with registered capital of 40 million yuan. Our subsidiary Changhong Air Conditioner made capital contribution of 10 million yuan, accounting for 25% of the registered capital. Chengdu Jiaodao Property Development Company made capital contribution of 8 million yuan, accounting for 20% of the registered capital. Chengdu Southwest Jiaotong University Industry (Group) Co., Ltd made capital contribution of 8 million yuan, accounting for 20% of the registered capital. Mianyang Investment Holding (Group) Co., Ltd made capital contribution of 2 million yuan, accounting for 5% of the registered capital. Shanghai Zhongcheng Xindaya Financial Information Service Co., Ltd made capital contribution of 2 million yuan, accounting for 5% of the registered capital. Sichuan Shuye Jiachen Property Development Company made capital contribution of 4 million yuan, accounting for 10% of the registered capital. Chengdu Dongyu Shangmao Co., Ltd made capital contribution of 6 million yuan, accounting for 15% of the registered capital.

Note 5: Zhongshan Changhong, a subsidiary of the Company, entered into a supplemental joint venture agreement with RUBA Comprehensive Trading Company in 2017, pursuant to which, both parties agreed to increase capital contribution of US\$ 1,130,191.00, among which, Zhongshan Changhong subscribed to contribute US\$ 452,076.00 (equivalent to 3,001,649.02 yuan on the actual contribution date) according to the original shareholding proportion of 40% and RUBA Comprehensive Trading Company subscribed to contribute US\$ 678,115.00 according to the original shareholding



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proportion of 60%.

Note 6: Hefei Meiling Solar Energy Technology Co., Ltd. was incorporated on April 18, 2002, with a registered capital of 10 million yuan. Subsidiary Hefei Meiling Group Holdings Limited invested 3.1114 million yuan, accounting for 31.114% of the registered capital; Hefei Huayi Investment Co., Ltd. invested 4.972 million yuan, accounting for 49.72% of the registered capital; Hefei Xingtai Asset Management Co., Ltd. invested 1.9166 million yuan, accounting for 19.166% of the registered capital.

### 12. Debt investment

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
negotiable large certificate of deposit	291,305,319.44		291,305,319.44			
<b>Total</b>	<b>291,305,319.44</b>		<b>291,305,319.44</b>			

### 13. Other non-current financial assets

Item	Ending balance	Opening balance
Sichuan Changhong Group Finance Co., Ltd.	532,961,488.43	532,961,488.43
Huishang Bank Co., Ltd.	5,000,000.00	5,000,000.00
Hongyun Fund	38,239,153.07	44,018,952.27
<b>Total</b>	<b>576,200,641.50</b>	<b>581,980,440.70</b>

### 14. Investment real estate

#### (1) Investment real estate measured at costs

Item	House and buildings	Total
<b>I. Original book value</b>		
1. Opening balance	60,688,532.10	60,688,532.10
2. Increase this period		
3. Decrease this period		
4. Ending balance	60,688,532.10	60,688,532.10
<b>II. Accumulated depreciation and accumulated amortization</b>		
1. Opening balance	7,538,597.65	7,538,597.65
2. Increase this period	958,748.77	958,748.77
(1) Provision or amortization	958,748.77	958,748.77
3. Decrease this period		
4. Ending balance	8,497,346.42	8,497,346.42
<b>III. Impairment loss</b>		
<b>IV. Book value</b>		

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Item	House and buildings	Total
1. Ending book value	52,191,185.68	52,191,185.68
2. Opening book value	53,149,934.45	53,149,934.45

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

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

Name	Original book value	Accumulated depreciation	Impairment provision	Book value
House and buildings	5,795,017.72	2,426,406.41		3,368,611.31

(4) Investment real estate without property certification held

Item	Book value	Reasons for failing to complete property rights certificate
J04workshop	28,103,467.30	Related property rights in procedure
J03workshop	18,040,910.63	Related property rights in procedure
J20 air compressor station workshop	1,192,213.84	Related property rights in procedure
J18 opening and closing office	551,938.73	Related property rights in procedure
<b>Total</b>	<b>47,888,530.50</b>	

### 15. Fixed assets

Item	Book value at period-end	Book value at period-begin
Fixed assets	2,190,629,094.63	2,227,247,182.81
Disposal of fixed assets	75,875,517.11	75,875,517.11
<b>Total</b>	<b>2,266,504,611.74</b>	<b>2,303,122,699.92</b>

### 13.1 Fixed assets

(1) Fixed assets

Item	House and buildings	Machinery equipment	Transport equipment	Other equipment	Total
<b>I. Original book value</b>					
1. Opening balance	1,688,670,197.57	1,768,708,568.16	34,465,918.34	220,259,731.03	3,712,104,415.10
2. Increase this period	1,527,440.22	62,840,181.44	821,337.36	18,511,910.88	83,700,869.90
(1) Purchase		3,338,545.54	334,766.92	4,235,165.59	7,908,478.05
(2) Construction in progress transfer-in	1,527,440.22	59,486,692.69	486,570.44	14,246,357.45	75,747,060.80
(3) Inventory transfer in for own use		14,943.21		30,387.84	45,331.05
3. Decrease this period	5,980,029.39	39,198,584.99	1,730,980.47	969,718.01	47,879,312.86
(1) Dispose or retirement	5,603,921.90	34,173,122.18	1,632,488.00	714,514.05	42,124,046.13

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Item	House and buildings	Machinery equipment	Transport equipment	Other equipment	Total
(2) Transfer to construction in progress		5,025,462.81			5,025,462.81
(3) decrease in exchange rate changes			98,492.47	255,203.96	353,696.43
(4) Temporary estimated decrease	376,107.49				376,107.49
<b>4. Ending balance</b>	<b>1,684,217,608.40</b>	<b>1,792,350,164.61</b>	<b>33,556,275.23</b>	<b>237,801,923.90</b>	<b>3,747,925,972.14</b>
<b>II. Accumulated depreciation</b>					
<b>1. Opening balance</b>	<b>404,141,977.35</b>	<b>959,058,685.14</b>	<b>22,160,271.70</b>	<b>98,094,721.61</b>	<b>1,483,455,655.80</b>
<b>2. Increase this period</b>	<b>26,975,224.20</b>	<b>73,994,008.09</b>	<b>1,415,411.88</b>	<b>9,186,931.08</b>	<b>111,571,575.25</b>
(1) Accrual	26,975,224.20	73,994,008.09	1,415,411.88	9,186,931.08	111,571,575.25
<b>3. Decrease this period</b>	<b>2,650,171.03</b>	<b>33,470,253.50</b>	<b>1,625,490.89</b>	<b>834,083.11</b>	<b>38,579,998.53</b>
(1) Dispose or retirement	2,650,171.03	32,083,131.27	1,557,800.57	661,820.47	36,952,923.34
(2) Transfer to construction in progress		1,387,122.23			1,387,122.23
(3) decrease in exchange rate changes			67,690.32	172,262.64	239,952.96
<b>4. Ending balance</b>	<b>428,467,030.52</b>	<b>999,582,439.73</b>	<b>21,950,192.69</b>	<b>106,447,569.58</b>	<b>1,556,447,232.52</b>
<b>III. Impairment loss</b>					
<b>1. Opening balance</b>		<b>1,260,961.87</b>		<b>140,614.62</b>	<b>1,401,576.49</b>
<b>2. Increase this period</b>					
<b>3. Decrease this period</b>		<b>551,931.50</b>			<b>551,931.50</b>
(1) Dispose or retirement		551,931.50			551,931.50
<b>4. Ending balance</b>		<b>709,030.37</b>		<b>140,614.62</b>	<b>849,644.99</b>
<b>IV. Book value</b>					
<b>1. Ending book value</b>	<b>1,255,750,577.88</b>	<b>792,058,694.51</b>	<b>11,606,082.54</b>	<b>131,213,739.70</b>	<b>2,190,629,094.63</b>
<b>2. Opening book value</b>	<b>1,284,528,220.22</b>	<b>808,388,921.15</b>	<b>12,305,646.64</b>	<b>122,024,394.80</b>	<b>2,227,247,182.81</b>

The new fixed assets in this period mainly due to the 75,747,060.80 yuan transfer from construction in process; decrease of the fixed assets in Current Period mainly including assets dispose for retirement.

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

(3) Fixed assets for collateral at period-end

Name	Original book value	Accumulated depreciation	Impairment provision	Book value
House and buildings	475,337,823.38	132,590,551.27		342,747,272.11

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

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Item	Original book value	Accumulated depreciation	Impairment provision	Book value
House and buildings	57,978,587.55	17,205,319.38		40,773,268.17
Machinery equipment	32,253,032.17	11,990,197.80		20,262,834.37
Other equipment	3,142,260.30	1,794,727.88		1,347,532.42
<b>Total</b>	<b>93,373,880.02</b>	<b>30,990,245.06</b>		<b>62,383,634.96</b>

### (5) Fixed assets without property certificate

Item	Book value	Reason of not complete the property certificate
Testing and experiment center building	37,912,934.58	Related property rights in procedure
J07 electrical workshop	33,100,480.42	Related property rights in procedure
J02workshop	29,714,921.96	Related property rights in procedure
J01workshop	27,541,882.00	Related property rights in procedure
J05 evaporator and condenser workshop	26,165,222.29	Related property rights in procedure
II section canteen of living area	20,201,985.47	Related property rights in procedure
J06 central air-conditioner workshop	16,740,068.06	Related property rights in procedure
J50finished product warehouse	15,815,784.10	Related property rights in procedure
J51finished product warehouse	15,307,197.71	Related property rights in procedure
J53finished product warehouse	11,763,841.04	Related property rights in procedure
J54finished product warehouse	10,940,337.26	Related property rights in procedure
J52finished product warehouse	10,923,969.80	Related property rights in procedure
J55finished product warehouse	10,021,406.73	Related property rights in procedure
J56finished product warehouse	10,021,406.73	Related property rights in procedure
J09raw material warehouse	5,964,585.42	Related property rights in procedure
J10raw material warehouse	4,659,638.21	Related property rights in procedure
J11raw material warehouse	4,576,541.18	Related property rights in procedure
4# makeshift shelter	4,448,271.27	Related property rights in procedure
J08 packing materials warehouse	4,338,927.47	Related property rights in procedure
J15 house of refrigerant forklift	1,259,120.19	Related property rights in procedure
J17 chemical storage	1,236,545.52	Related property rights in procedure
J16 chemical storage	1,130,705.63	Related property rights in procedure
J19 main guard room	310,812.99	Related property rights in procedure
J19A guard room	196,303.42	Related property rights in procedure
J19D guard room	143,640.17	Related property rights in procedure
J19E guard room	143,640.17	Related property rights in procedure
<b>Total</b>	<b>304,580,169.79</b>	

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

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### 15.2 Disposal of fixed assets

Item	Ending balance	Opening balance	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 36 million yuan, of which the consideration for the land use right owned by Equator Electric and Equator Home Appliance is approximately 10.59 million yuan and 25.41 million yuan, respectively. The Company has completed the relocation of occupants of the premises, and the net fixed assets in relation to the land will transfer as disposal, accounting treatment will be conduct in line with relevant rules upon receiving of the relocation compensation.

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

### 16. Construction in progress

Item	Ending balance	Opening balance
Construction in progress	103,923,104.08	98,469,862.45
<b>Total</b>	<b>103,923,104.08</b>	<b>98,469,862.45</b>

#### (1) Details of construction in progress

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Front-end expansion project of Hefei base with an annual output of 10 million refrigerator cabinets	22408,137.87		22408,137.87	16686,639.69		16686,639.69
Industrial Internet Changhong Meiling Promotion Project	9609,549.93		9609,549.93	10480,730.43		10480,730.43
Meiling extrusion line relocation and capacity expansion project	7380,555.55		7380,555.55	3875,215.73		3875,215.73

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Item	Ending balance		Opening balance			
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Comprehensive renovation project of mixed flow of rainwater and sewage in freezer park and living area	6,598,693.27		6,598,693.27	4,385,756.91		4,385,756.91
Blister production line construction	5,604,355.20		5,604,355.20			
Freeze lining structure changed to bottom package side	2,747,345.12		2,747,345.12			
The third floor testing and packaging line technical transformation project	2,729,203.56		2,729,203.56	2,707,964.62		2,707,964.62
Liquid nitrogen tank production line construction	2,580,258.29		2,580,258.29	6,778,105.41		6,778,105.41
Efficiency improvement of refrigerator cabinet	2,362,746.25		2,362,746.25	4,704,867.17		4,704,867.17
Y21 manufacturing system automation (Phase I)	2,198,496.56		2,198,496.56	1,397,307.43		1,397,307.43
Multi-door shell molding line	2,163,716.89		2,163,716.89			
Supporting production equipment of washing machine	2,144,601.77		2,144,601.77			
Efficiency improvement for 2022 in manufacturing center	1,991,238.96		1,991,238.96			
Tank replacement and testing	1,656,656.37		1,656,656.37			
Accident response pool construction	1,389,325.45		1,389,325.45			
Technical transformation project of Zhongshan Changhong	787,667.26		787,667.26	4,530,389.50		4,530,389.50
2022 capacity and capability improvement of the manufacturing system in Air Conditioning Company	173,455.15		173,455.15	6,419,964.72		6,419,964.72
Overseas product upgrade supporting box shell line, door shell line and some old product competitiveness improvement projects				3,731,036.22		3,731,036.22
Washing machine business unit MES system online project				2,457,735.83		2,457,735.83
Meiling PLM Project				1,636,792.46		1,636,792.46
Other petty projects	29,397,100.63		29,397,100.63	16,101,356.33		16,101,356.33
<b>Total</b>	<b>103,923,104.08</b>		<b>103,923,104.08</b>	<b>98,469,862.45</b>		<b>98,469,862.45</b>

### (2) Changes in significant construction in progress

Projects	Book balance at period-begin	Increase in Current Period	Transfer to fixed assets in Current Period	Other decrease	Book balance at period-end	Source of funds
Front-end expansion project of Hefei base with an annual output of 10 million refrigerator	16,686,639.69	7,606,453.91	1,884,955.73		22,408,137.87	Self-raised

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Projects	Book balance at period-begin	Increase in Current Period	Transfer to fixed assets in Current Period	Other decrease	Book balance at period-end	Source of funds
cabinets						

(Continued)

Projects	Budget (in 10 thousand Yuan)	Proportion of project investment in budget	Progress	Accumulated amount of interest capitalization	including: interest capitalized amount of Current Period	Interest capitalization rate of Current Period
Front-end expansion project of Hefei base with an annual output of 10 million refrigerator cabinets	4,121.24	72.58%	80.00%			

### 17. Right-of-use assets

Item	House building	Total
<b>I. Original book value</b>		
<b>1. Opening balance</b>	54,071,205.97	54,071,205.97
<b>2. Increase this period</b>	1,089,224.86	1,089,224.86
(1) Rent in	1,089,224.86	1,089,224.86
<b>3. Decrease this period</b>		
<b>4. Ending balance</b>	55,160,430.83	55,160,430.83
<b>II. Accumulated depreciation</b>		
<b>1. Opening balance</b>	8,703,287.66	8,703,287.66
<b>2. Increase this period</b>	6,170,422.64	6,170,422.64
(1) Accrual	6,170,422.64	6,170,422.64
<b>3. Decrease this period</b>		
<b>4. Ending balance</b>	14,873,710.30	14,873,710.30
<b>III. Provision for impairment</b>		
<b>1. Opening balance</b>		
<b>2. Increase this period</b>		
<b>3. Decrease this period</b>		
<b>4. Ending balance</b>		
<b>IV. Book value</b>		
<b>1. Ending book value</b>	40,286,720.53	40,286,720.53
<b>2. Opening book value</b>	45,367,918.31	45,367,918.31

### 18. Intangible assets

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### (1) Intangible assets

Item	Land use right	Trademark special right	Non-patent technology	Other	Total
<b>I. Original book value</b>					
<b>1. Opening balance</b>	<b>869,724,297.57</b>	<b>283,292,439.34</b>	<b>549,144,800.67</b>	<b>137,253,797.42</b>	<b>1,839,415,335.00</b>
<b>2. Increase this period</b>			<b>25,171,017.17</b>	<b>13,983,835.08</b>	<b>39,154,852.25</b>
(1) Purchase				693,451.31	693,451.31
(2) Internal research			25,171,017.17	13,290,383.77	38,461,400.94
<b>3. Decrease this period</b>	<b>4,925,680.89</b>			<b>10,362,539.53</b>	<b>15,288,220.42</b>
(1) Disposal	4,925,680.89			3,280,328.88	8,206,009.77
(1) Other decreases				7,082,210.65	7,082,210.65
<b>4. Ending balance</b>	<b>864,798,616.68</b>	<b>283,292,439.34</b>	<b>574,315,817.84</b>	<b>140,875,092.97</b>	<b>1,863,281,966.83</b>
<b>II. Accumulated amortization</b>					
<b>1. Opening balance</b>	<b>198,473,939.86</b>	<b>283,292,439.34</b>	<b>348,547,882.12</b>	<b>27,185,807.78</b>	<b>857,500,069.10</b>
<b>2. Increase this period</b>	<b>9,213,047.64</b>		<b>46,299,922.34</b>	<b>19,395,874.81</b>	<b>74,908,844.79</b>
(1) Accrual	9,213,047.64		46,299,922.34	19,395,874.81	74,908,844.79
<b>3. Decrease this period</b>	<b>1,924,297.31</b>			<b>5,750,495.00</b>	<b>7,674,792.31</b>
(1) Disposal	1,924,297.31			3,280,328.88	5,204,626.19
(2) Other decreases				2,470,166.12	2,470,166.12
<b>4. Ending balance</b>	<b>205,762,690.19</b>	<b>283,292,439.34</b>	<b>394,847,804.46</b>	<b>40,831,187.59</b>	<b>924,734,121.58</b>
<b>III. Provision for impairment</b>					
<b>1. Opening balance</b>			<b>24,003,670.24</b>	<b>4,508,495.33</b>	<b>28,512,165.57</b>
<b>2. Increase this period</b>					
<b>3. Decrease this period</b>					
<b>4. Ending balance</b>			<b>24,003,670.24</b>	<b>4,508,495.33</b>	<b>28,512,165.57</b>
<b>IV. Book value</b>					
<b>1. Ending book value</b>	<b>659,035,926.49</b>		<b>155,464,343.14</b>	<b>95,535,410.05</b>	<b>910,035,679.68</b>
<b>2. Opening book value</b>	<b>671,250,357.71</b>		<b>176,593,248.31</b>	<b>105,559,494.31</b>	<b>953,403,100.33</b>

The intangible assets resulted from internal research takes 2.06% of the balance of intangible assets at period-end

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

(3) Up to end of June 2022, mortgage of intangible assets is as follows:



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Name	Property certificate serials	Area(M <sup>2</sup> )	Net book value	Note
Land use right	HGYJCZi No.: 0121	27,120.22	16,765,001.87	
Land use right	Wan (2019) Property right of Hefei No.: 1148244/1148249/1148243/1148240/1148248/1148246/1148241/1148238/1149101/1148242/1148245/1148239/1148237/1148250/1148247/1149102	477,550.03	229,136,021.56	
Land use right	Wan (2019) Property right of Feixi County No.: 0061435/0061445	33,383.10	13,089,829.51	
Land use right	Wan (2019) Property right of Feixi County No.: 0061456/0061447/0061438/0061440/0061452/0061450/0061430/0061657	82,850.51	17,969,112.49	
<b>Total</b>		<b>620,903.86</b>	<b>276,909,965.43</b>	

### 19. Development expense

Item	Opening balance	Increase this period		Decrease this period			Ending balance
		Internal development expenditure	Other	Included in current profits and losses	Confirmed as intangible assets	Other	
Technology development for Air-conditioner	399,384,415.03	41,134,297.63		4,073,227.83	25,421,047.00		51,578,437.83
Technology development for refrigerator	47,790,575.83	54,891,134.71		3,594,169.74	13,040,353.94		86,047,186.86
<b>Total</b>	<b>87,728,990.86</b>	<b>96,025,432.34</b>		<b>7,667,397.57</b>	<b>38,461,400.94</b>		<b>137,625,624.69</b>

### 20. Goodwill

#### (1) Original value of goodwill

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

#### (2) Impairment loss of goodwill

Invested enterprise	Opening balance	Increase this period		Decrease this period		Ending balance
		Accrual	Other	Accrual	Other	
Hefei Meiling Group Holdings Limited	3,553,367.77					3,553,367.77
<b>Total</b>	<b>3,553,367.77</b>					<b>3,553,367.77</b>

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

### 21. Long-term prepaid expenses

Item	Opening balance	Increase this period	Amortization for the period	Other decreases	Ending balance
Engineering renovation expenses		381,978.97	19,080.92		362,898.05
<b>Total</b>		<b>381,978.97</b>	<b>19,080.92</b>		<b>362,898.05</b>

### 22. Deferred tax assets and deferred tax liabilities

#### (1) Deferred income tax assets without the offset

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deferred income tax assets recognized from assets impairment	167,988,006.74	25,269,308.51	145,988,355.30	21,966,046.25
Deferred income tax assets recognized from accrual liability	11,912,507.94	1,786,876.19	11,363,601.65	1,704,540.25
Deferred income tax assets recognized from Dismissal welfare	9,745,724.62	1,461,858.69	11,268,982.33	1,690,347.35
Deferred income tax assets recognized from deferred income	9,391,000.78	14,908,650.12	11,053,446.54	16,580,169.53
Deferred income tax assets recognized from irreparable losses	8,342,176,26.07	125,132,643.91	6,954,095,49.32	104,311,432.40
Accrued income tax assets	5,727,967.73	862,496.04	8,238,783.30	1,235,817.50
Other	24,868,214.11	3,730,232.12		
<b>Total</b>	<b>1,153,851,047.99</b>	<b>173,152,065.58</b>	<b>982,803,735.44</b>	<b>147,488,353.28</b>

The Company's long-term equity investment impairment provisions are the investments in its subsidiary Meiling Candy Washing Machine Co., Ltd., expected to be cancelled in 2022, and the Company also confirmed deferred income tax assets while confirming the impairment provisions. The subsidiaries have unrecovered losses, at the consolidation level, the deferred income tax assets recognized in the Company's long-term equity investment impairment provisions are adjusted to be the deferred income tax assets generated from the recoverable losses.

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

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liability	Taxable temporary differences	Deferred income tax liability
Recognized by fixed assets depreciation	21,257,933.76	3,188,690.06	23,595,650.26	3,539,347.53
Recognized by changes in fair value	38,003,012.26	5,700,451.84	40,873,919.41	6,131,087.92

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Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liability	Taxable temporary differences	Deferred income tax liability
<b>Total</b>	<b>59,260,946.02</b>	<b>8,889,141.90</b>	<b>64,469,569.67</b>	<b>9,670,435.45</b>

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

Item	Ending balance	Opening balance
Deductible temporary difference	108,844,382.55	94,823,765.42
Deductible loss	980,228,966.20	1,075,371,859.07
<b>Total</b>	<b>1,089,073,348.75</b>	<b>1,170,195,624.49</b>

### 23. Other non-current assets

Item	Ending balance	Opening balance
Prepaid equipment, engineering, etc.	999,030.66	3,087,780.59
<b>Total</b>	<b>999,030.66</b>	<b>3,087,780.59</b>

### 24. Short-term loans

Category	Ending balance	Opening balance
Guaranteed loan	35,000,000.00	5,000,000.00
Loan in credit	1,052,040,918.37	615,000,000.00
Interest payable	250,527.78	2,874,652.77
<b>Total</b>	<b>1,087,291,446.15</b>	<b>622,874,652.77</b>

Short-term loans at Current Period-end:

1) The Company entered into a Loan Contract with Hefei Luyang Branch of Hangzhou Bank Co., Ltd. with 364 days in term. Term of borrowing is from 16 July 2021 to 15 July 2022. The interest rate is the quoted market rate for one year loans minus 55bp, floating on an annual basis and borrowing amounted to 10,000,000.00 yuan.

2) The Company entered into a Borrowing Contract of Working Capital Loans with Hefei Branch of China Minsheng Bank Co., Ltd. with 1 year in term. Term of borrowing is from 27 August 2021 to 27 August 2022. Fixed rate of 3.20%, the loan amount is 50,000,000.00 yuan.

3) The Company entered into a Master Agreement on Domestic Letter of Credit Financing with Hefei Branch of Industrial Bank Co., Ltd. with 364 days in term. Term of borrowing is from 17 December 2021 to 16 December 2022. Fixed rate of 2.90%, the loan amount is 100,000,000.00 yuan.

4) The Company entered into Contract for the assignment of the seller's claims without recourse (domestic forfaiting business) under a domestic letter of credit with Hefei Branch of China Everbright Bank Co., Ltd. with 357 days in term. Term of borrowing is from 24 December 2021 to 16 December 2022. Fixed rate of 2.9%, the loan amount is 180,000,000.00 yuan.

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5) The Company entered into a Master Agreement on Domestic Letter of Credit Financing with Hefei Branch of China Minsheng Bank Co., Ltd. with 349 days in term. Term of borrowing is from 29 December 2021 to 13 December 2022. Fixed rate of 2.20%, the loan amount is 100,000,000.00 yuan.

6) The Company entered into a Master Agreement on Domestic Letter of Credit Financing with Hefei Branch of Industrial Bank Co., Ltd. with 179 days in term. Term of borrowing is from 28 February 2022 to 26 August 2022. Fixed rate of 2.70%, the loan amount is 30,000,000.00 yuan.

7) The Company entered into a Buyer's Interest Payment Agreement under Domestic Letter of Credit with Hefei Branch of China Guangfa Bank. The contract signed with 182 days in term and contractual borrowing is from March 15, 2022 to September 13, 2022, borrowing amounted to 30,000,000.00 yuan with a fixed interest rate of 2.50%.

8) The Company entered into the Domestic Letter of Credit Opening Contract of Hangzhou Bank with Hefei Branch of HZ Bank. The contract signed with 180 days in term and borrowing is from March 17, 2022 to September 13, 2022, borrowing amounted to 25,000,000.00 yuan with a fixed interest rate of 2.58%.

9) The Company entered into Application for opening a domestic letter of credit with Anhui Branch of Bank of China Limited with 180 days in term. Term of borrowing is from 17 March 2022 to 13 September 2022. Fixed interest rate of 2.60%, the loan amount is 10,000,000.00 yuan.

10) The Company entered into the Borrowing Contract of RMB Working Capital Loan with Hefei Luyang Branch of China Construction Bank. The contract signed with one year in term and borrowing is from March 30, 2022 to March 29, 2023, borrowing amounted to 100,000,000.00 yuan with a fixed interest rate of 3.30%.

11) The Company entered into the Opening Line Contract of Domestic L/C with Hefei Baohe District Branch of Agricultural Bank of China. The contract signed with 177 days in term and borrowing is from April 2, 2022 to September 26, 2022, borrowing amounted to 50,000,000.00 yuan with a fixed interest rate of 2.65%.

12) The Company entered into the Cooperation Agreement on Opening the Domestic L/C with Hefei Branch of China Merchants Bank. The contract signed with 178 days in term and borrowing is from April 19, 2022 to October 14, 2022, borrowing amounted to 20,000,000.00 yuan with a fixed interest rate of 2.66%.

13) The Company entered into Weishang Bank Domestic Letter of Credit Forfaiting Business Contract with Hefei Economic Development Zone Branch of Huishang Bank Co., Ltd. with 180 days in term. Term of borrowing is from 20 April 2022 to 17 October 2022. Fixed interest rate of 2.70%, the loan amount is 50,000,000.00 yuan.

14) The Company entered into the Agreement on Opening the L/C Business with Hefei Branch of SPD Bank. The contract signed with 180 days in term and borrowing is from April 21, 2022 to October 18, 2022, borrowing amounted to 25,000,000.00 yuan with a fixed interest rate of 2.60%.

15) The Company entered into a Master Agreement on Domestic Letter of Credit Financing with Hefei Branch of China Minsheng Bank Co., Ltd. with 181 days in term. Term of borrowing is from 22 April 2022 to 20 October 2022. Fixed rate of 2.10%, the loan amount is 50,000,000.00 yuan.

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16) The Company entered into the Contract of Opening the Domestic L/C with Anhui Branch of Bank of Communications. The contract signed with 180 days in term and borrowing is from May 26, 2022 to November 22, 2022, borrowing amounted to 50,040,918.37 yuan with a fixed interest rate of 2.05%.

17)The Company entered into the Issuing Contract of Domestic L/C with Hefei Branch of Postal Savings Bank of China. The contract signed with 182 days in term and borrowing is from May 30, 2022 to November 28, 2022, borrowing amounted to 50,000,000.00 yuan with a fixed interest rate of 1.30%.

18) The Company entered into a Buyer's Interest Payment Agreement under Domestic Letter of Credit with Hefei Branch of China Guangfa Bank. The contract signed with 180 days in term and contractual borrowing is from June 23, 2022 to December 20, 2022, borrowing amounted to 30,000,000.00 yuan with a fixed interest rate of 1.98%.

19)The Company entered into an Agency Cooperation Agreement of Domestic L/C with Hefei Branch of Ping An Bank. The contract signed with 180 days in term and contractual borrowing is from June 24, 2022 to December 21, 2022, borrowing amounted to 50,000,000.00 yuan with a fixed interest rate of 2.10%.

20) The Company entered into a Master Agreement on Domestic Letter of Credit Financing with Hefei Branch of Industrial Bank Co., Ltd. with 179 days in term. Term of borrowing is from 27 June 2022 to 23 December 2022. Fixed rate of 2.05%, the loan amount is 40,000,000.00 yuan.

21) The Company entered into Application for opening a domestic letter of credit with Anhui Branch of Bank of China Limited with 180 days in term. Term of borrowing is from 30 June 2022 to 27 December 2022. Fixed annual interest rate of 2.23%, the loan amount is 2,000,000.00 yuan.

22) Subsidiary Hefei Changhong Meiling Life Appliances Co., Ltd entered into the Borrowing Contract with Hefei Luyang Branch of HZ Bank. The contract signed with 364 days in term and borrowing is from March 23, 2022 to March 22, 2023, borrowing amounted to 20,000,000.00 yuan with a fixed loan APR of 3.45% which is guaranteed by the Company.

23)Subsidiary Hefei Changhong Meiling Life Appliances Co., Ltd entered into the Issuing Agreement on Domestic L/C with Huining Road Branch of Hefei Science & Technology Rural Commercial Bank. The borrowing term is from March 24, 2022 to December 27, 2022, borrowing amounted to 10,000,000.00 yuan with a fixed loan APR of 3.65% which is guaranteed by the Company.

24)Anhui Tuoxing Technology Co., Ltd.- the wholly owned subsidiary of Zhongke Meiling Cryogenic Technology Co., Ltd(subsidiary of the Company) obtained a secured loans from Hefei Feicui Road Branch of Bank of China. The borrowing term is from June 27, 2022 to June 27, 2023, borrowing amounted to 5,000,000.00 yuan with a fixed rate of 3.30% which is guaranteed by the subsidiary-Zhongke Meiling Cryogenic Technology Co., Ltd.

### 25. Trading financial liability

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Name	Ending balance	Opening balance
Trading financial liability	38,929,244.41	12,304,272.41
Including: Derivative financial liability	38,929,244.41	12,304,272.41

### 26. Note payable

Item	Ending balance	Opening balance
Bank acceptance	4,356,012,661.73	4,663,885,311.94
Trade acceptance	146,907,573.73	175,952,005.84
<b>Total</b>	<b>4,502,920,235.46</b>	<b>4,839,837,317.78</b>

### 27. Account payable

#### (1) Account payable

Item	Ending balance	Amount at year-begin
<b>Total</b>	<b>3,832,859,258.27</b>	<b>2,299,103,796.88</b>
Including: Amount aged over 1 year	63,148,576.16	94,640,539.62

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

### 28. Contract liabilities

Item	Ending balance	Opening balance
<b>Total</b>	<b>351,317,980.38</b>	<b>515,004,115.23</b>
Including: Amount aged over 1 year	50,182,899.32	17,740,130.48

### 29. Wages payable

#### (1) Category

Item	Opening balance	Increase this period	Decrease this period	Ending balance
Short-term compensation	241,024,057.25	788,097,986.06	815,373,920.31	213,748,123.00
After-service welfare- defined contribution plans	2,495,637.65	55,818,890.81	53,551,087.07	4,763,441.39
Dismiss welfare	3,524,726.66	2,590,110.44	2,233,693.58	3,881,143.52
<b>Total</b>	<b>247,044,421.56</b>	<b>846,506,987.31</b>	<b>871,158,700.96</b>	<b>222,392,707.91</b>

#### (2) Short-term compensation

Item	Opening balance	Increase this period	Decrease this period	Ending balance
Wages, bonuses, allowances and subsidies	234,141,842.08	706,008,342.70	733,642,135.12	206,508,049.66

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Item	Opening balance	Increase this period	Decrease this period	Ending balance
Welfare for workers and staff	100,023.78	21,013,093.97	20,948,269.79	164,847.96
Social insurance	1,151,987.24	24,350,886.16	24,169,042.30	1,333,831.10
Including: Medical insurance	1,080,480.56	22,933,010.61	22,864,576.83	1,148,914.34
Work injury insurance	10,353.31	1,384,970.71	1,293,906.58	101,417.44
Maternity insurance	61,153.37	32,904.84	10,558.89	83,499.32
Housing accumulation fund	4,861,802.68	35,184,312.73	34,985,686.89	5,060,428.52
Labor union expenditure and personnel education expense	768,401.47	1,541,350.50	1,628,786.21	680,965.76
<b>Total</b>	<b>241,024,057.25</b>	<b>788,097,986.06</b>	<b>815,373,920.31</b>	<b>213,748,123.00</b>

### (3) Defined contribution plans

Item	Opening balance	Increase this period	Decrease this period	Ending balance
Basic endowment insurance	759,812.44	53,845,096.30	51,671,296.45	2,933,612.29
Unemployment insurance	1,735,825.21	1,973,794.51	1,879,790.62	1,829,829.10
<b>Total</b>	<b>2,495,637.65</b>	<b>55,818,890.81</b>	<b>53,551,087.07</b>	<b>4,763,441.39</b>

### 30. Tax payable

Item	Ending balance	Opening balance
Value-added tax	83,798,823.91	93,229,596.44
Enterprise income tax	6,116,146.52	3,665,806.85
Individual income tax	2,189,279.19	2,593,701.11
Urban maintenance and construction tax	11,824,224.07	8,227,864.32
Real estate tax	3,777,438.11	3,758,773.24
Land use tax	1,430,344.51	1,550,831.89
Educational surtax	8,535,924.18	4,932,682.07
Stamp tax	2,826,337.46	3,798,892.56
Construction fund of Water Conservancy Projects	648,405.12	606,448.87
Treatment fund for abandon electrics & electronics	28,410,536.00	18,489,806.00
Other	1,589.26	1,020,458.53
<b>Total</b>	<b>149,559,048.33</b>	<b>141,874,861.88</b>

### 31. Other account payable

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Item	Ending balance	Opening balance
Dividend payable	19,793,050.41	4,753,764.56
Other account payable	883,985,891.19	746,699,003.44
<b>Total</b>	<b>903,778,941.60</b>	<b>751,452,768.00</b>

### 31.1 Dividends payable

Item	Ending balance	Opening balance
Sichuan Changhong Electric Co., Ltd.	12,422,886.20	
Hefei Industry Investment Holding (Group) Co., Ltd.	2,391,170.05	
China Life Insurance (Group) Company	288,404.82	288,404.82
The People's Insurance Company (Group) of China Limited	432,607.23	432,607.23
BOC- Fullgoal Tianyi Securities Investment Fund	153,697.50	153,697.50
Hefei Branch of BOC	391,245.50	360,506.00
Hefei collective industry association	391,244.89	360,505.44
Entrust Investment Wuhu of Provincial ABC	312,996.42	288,404.82
Other units	3,008,797.80	2,869,638.75
<b>Total</b>	<b>19,793,050.41</b>	<b>4,753,764.56</b>

### 31.2 Other account payable

#### (1) Other account payable by nature

Nature	Ending balance	Opening balance
1. Accrued expenses (expenses occurred without reimbursed)	356,156,653.46	364,248,335.74
2. Receivables received temporary and deducted temporary	25,026,463.97	26,847,048.85
3. Deposit, margin	155,717,250.89	148,778,715.05
4. Not the come-and-go with related parties in statement scope	320,375,542.82	187,411,658.83
5. Other	26,709,980.05	19,413,244.97
<b>Total</b>	<b>883,985,891.19</b>	<b>746,699,003.44</b>

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

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

Item	Ending balance	Opening balance
Long-term loan principal and interest due within one year	20,201,972.50	320,520,933.33
Long term account payable due within one year		173,499.29
Lease liabilities due within one year	10,041,738.45	12,024,045.63



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Item	Ending balance	Opening balance
<b>Total</b>	<b>30,243,710.95</b>	<b>332,718,478.25</b>

### 33. Other current liabilities

Item	Ending balance	Opening balance
Pending sales tax	21,957,205.63	23,388,239.94
Factoring fees payable	419,897.59	785,519.22
Bill recovery		200,000.00
<b>Total</b>	<b>22,377,103.22</b>	<b>24,373,759.16</b>

### 34. Long term borrowings

#### (1) Category of long term borrowings

Category	Ending balance	Amount at year-begin
Loan in mortgage	158,000,000.00	168,000,000.00
<b>Total</b>	<b>158,000,000.00</b>	<b>168,000,000.00</b>

#### (2) Long-term borrowings at period-end

Loan from	Borrowing day	Returning day	Foreign currency	Interest rate	Ending balance (RMB)	Opening balance (RMB)
EIBC (Export-Import Bank) Anhui Province Branch <sup>Note 1</sup>	2019/12/23	2026/11/25	RMB	4.455%	60,000,000.00	70,000,000.00
EIBC (Export-Import Bank) Anhui Province Branch <sup>Note 2</sup>	2020/3/26	2026/11/25	RMB	4.405%	98,000,000.00	98,000,000.00
<b>Total</b>					<b>158,000,000.00</b>	<b>168,000,000.00</b>

Note 1: The Company signed the "Loan Contract (Promoting the Opening-up of Loans in China - Fixed Assets)" with the Export-Import Bank of China Anhui Branch, the Company's investment real estate, fixed assets and intangible assets are used as mortgage for the loan. The term of the loan is from December 23, 2019 to November 25, 2026, the interest rate of the loan is determined according to the market quotation rate of the loan with a term of more than 5 years reduced by 0.195%, which fluctuates annually, and the amount of the loan is 100,000,000.00 yuan. According to the repayment plan agreed with the bank, the Company has repaid 20,000,000.00 yuan. It plans to repay 10,000,000.00 yuan on December 25, 2022 and repay 10,000,000.00 on June 25, 2023, a total of 20,000,000.00 yuan has been reclassified to non-current liabilities due within one year. The ending balance is 60,000,000.00 yuan.

Note 2: The Company signed the "Loan Contract (Promoting the Opening-up of Loans in China - Fixed Assets)" with the Export-Import Bank of China Anhui Branch, the Company's fixed assets and intangible assets are pledge against long-

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term borrowings under the contract. On March 26, 2020, withdrawing 98,000,000.00 yuan from the bank. Term of the loan is from March 26, 2020 to November 25, 2026. The interest rate of loan is determined based on the quoted market rate for loans with a maturity of 5 years or more minus 0.195% and fluctuates annually. Amount of loans are 98,000,000.00 yuan, ending balance amounted to 98,000,000.00 yuan.

### 35. Lease liability

Item	Ending balance	Opening balance
Lease liability	30,061,422.30	33,225,912.15
<b>Total</b>	<b>30,061,422.30</b>	<b>33,225,912.15</b>

### 36. Long-term payable

Item	Ending balance	Opening balance
Special payable	1,241,464.86	1,337,643.24
<b>Total</b>	<b>1,241,464.86</b>	<b>1,337,643.24</b>

#### 36.1 Special payable

Item	Opening balance	Increase this period	Decrease this period	Ending balance	Reason
Special funds for technological transformation from Zhongshan Changhong	1,337,643.24		96,178.38	1,241,464.86	Technology plan project in Zhongshan City

### 37. Long-term wage payable

Item	Ending balance	Opening balance
Dismissal welfare	8,710,896.43	9,828,300.06

According to the internal early retirement policy, the long-term payable dismissal welfare bears by the Company up to end of Current Period amounting to 8,710,896.43 yuan

### 38. Accrual liability

Item	Ending balance	Opening balance	Reason
Product quality guarantee <sup>note1</sup>	9,754,392.41	9,170,710.48	Guarantee of product
Guarantee fund for quality service <sup>note1</sup>	365,085.53	399,861.15	Guarantee of product
Litigation matters <sup>note2</sup>	1,793,030.00	1,793,030.00	
<b>Total</b>	<b>11,912,507.94</b>	<b>11,363,601.63</b>	

Note 1: Product quality deposit is the maintenance expense provided by the Company under the national policy, while quality service special guarantees capital is the warranty costs provided for product quality in addition to such policy.

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Note2: In November 2021, Zhejiang Teruisi Pharmaceutical Inc. filed a lawsuit against Zhongke Meiling for the "Cold Storage Design, Equipment Purchase and Installation Construction Contract". Currently, quality of the subject under the contract is being authenticated by a third party engineering quality appraisal agency, the initial start-up operation test is now completed. Zhongke Meiling intends to maintain the cold storage project, and the estimated maintenance cost is 1,793,030.00 yuan.

### 39. Deferred income

#### (1) Classification of deferred income

Item	Opening balance	Increase this period	Decrease this period	Ending balance	Reason
Government subsidies---subsidies of development project	139,155,085.63	1,442,700.00	1,251,179.06	128,346,606.57	
Government subsidies---subsidies of Relocation	36,508,953.20		1,096,550.52	34,812,402.68	
<b>Total</b>	<b>175,664,038.83</b>	<b>1,442,700.00</b>	<b>13,947,729.58</b>	<b>163,159,009.25</b>	

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### (2) Government subsidy

Item	Opening balance	New subsidy in Current Period	Amount reckoned into other income in Current Period	Other changes	Ending balance	Assets related/Income related
Demonstration factory construction for the intelligent manufacturing of intelligent air-conditioner	42,607,594.97		3,759,493.66		38,848,101.31	Assets related
Demolition compensation of Changhong Meiling	36,104,113.24		1,291,710.56		34,812,402.68	Assets related
Key chip and module for transducer used and detection capacity building	7,600,000.00				7,600,000.00	Assets related
Centre for external cooperation of the environmental protection	7,687,368.20		515,754.53		7,171,613.67	Assets related
Changhong Air Conditioner- relocation of production base and upgrading & expansion	6,497,777.76		573,333.33		5,924,444.43	Assets related
Subsidy for industrial development policy from Hefei for first half of 2018	6,544,000.00		625,000.00		5,919,000.00	Assets related
Adaptability improvement on new coolants production	7,094,945.01		1,182,490.86		5,912,454.15	Assets related
District-level subsidy funds for advanced manufacturing policies in the first half of 2021	5,595,843.75		373,056.26		5,222,787.49	Assets related
Municipal award and subsidy for the advanced manufacturing policy in first half of 2020	5,222,875.00		373,062.50		4,849,812.50	Assets related
Special fund, government subsidy CZ059001	4,200,000.00				4,200,000.00	Assets related
Subsidy for industrial development policy from Hefei for second half of 2019	4,471,375.00		447,137.50		4,024,237.50	Assets related
20-year subsidy for advancing technological transformation projects	4,108,758.34		267,962.50		3,840,795.84	Assets related
2021 manufacturing strong provincial policy subsidy funds	3,056,250.00		203,750.00		2,852,500.00	Assets related
Policy funds for manufacturing a strong province, subsidy for equipment for the technological transformation of industrial strong base	3,125,000.00		312,500.00		2,812,500.00	Assets related
Subsidy for industrial development policy from Hefei for first half of 2020	3,005,983.33		217,300.00		2,788,683.33	Assets related
Government subsidy for new plant construction - industrialization of cryogenic refrigeration equipment	2,791,666.67		250,000.00		2,541,666.67	Assets related
Subsidies for intelligent transformation & upgrading of enterprises from the new industrialization policy in economic development zone	2,675,064.58		302,837.50		2,372,227.08	Assets related

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Item	Opening balance	New subsidy in Current Period	Amount reckoned into other income in Current Period	Other changes	Ending balance	Assets related/Income related
RESEARCH AND APPLICATION OF THE VISA (VARIABLE FREQUENCY VOLUME INTEGRATED INTELLIGENT AIR-CONDITIONER)	3,053,488.40		704,651.16		2,348,837.24	Assets related
Research and application of the MCU chip for inverter control	2,300,000.00				2,300,000.00	Assets related
2020 supporting funds to support the innovation and development of artificial intelligence industry	2,437,500.00		162,500.00		2,275,000.00	Assets related
2020 fund allocation for Anhui Province's triple innovation project	2,369,791.67		162,500.00		2,207,291.67	Assets related
Special funds for strategic emerging industry and high-end growth industry	1,896,551.72		206,896.55		1,689,655.17	Assets related
Upgrading technology transformation of AC production line		1,385,600.00	113,903.75		1,271,696.25	Assets related
Industrialization of intelligent white household appliances software platform and typical application research and development	1,575,757.60		363,636.36		1,212,121.24	Assets related
Equipment subsidy for the industrial base technical renovation from Economic and Information Commission	1,312,083.33		117,500.00		1,194,583.33	Assets related
Upgrade project for the production line of Mianyang Meiling Intelligent Refrigerator	1,119,166.76		98,749.98		1,020,416.78	Assets related
Subsidy from Zhongshan Finance Bureau (CZ028001 provincial special project 2019)	1,092,060.21		152,823.25		939,236.96	Assets related
Subsidy for equipment purchasing for Hefei Tech. Improvement project in 2017	1,000,310.00		89,580.00		910,730.00	Assets related
Subsidy for purchase of R & D instruments and equipment	699,992.68		91,056.26		608,936.42	Assets related
Emerging Industry Base Fund Support Item	613,608.25		38,350.52		575,257.73	Assets related
Promotion of the energy-saving room air conditioner	648,453.69		105,154.62		543,299.07	Assets related
Robot policy-rewards for purchasing robots	485,031.26		35,062.50		449,968.76	Assets related
Special fund for technical improvement	355,708.62		47,905.22		307,803.40	Assets related
Promoting the new industry (annual output of 0.6 million medium& large volume environmental protection and energy saving freezer)	456,618.69		152,206.26		304,412.43	Assets related
Technical transformation of refrigerator evaporator workshop	333,437.50		30,312.50		303,125.00	Assets related

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Item	Opening balance	New subsidy in Current Period	Amount reckoned into other income in Current Period	Other changes	Ending balance	Assets related/Income related
Special fund for technical improvement	380,238.04		51,904.80		328,333.24	Assets related
2018 Zhongshan Special fund for industrial development	292,650.70		38,996.16		253,654.54	Assets related
Technical transformation subsidy	177,438.37		15,890.00		161,548.37	Assets related
Refrigerator evaporator production workshop	128,229.24		14,516.51		113,712.73	Assets related
Technical renovation of air conditioner production line	94,758.27		30,578.55		64,179.72	Assets related
Subsidy of advanced manufacturing policy for second half of 2021		57,100.00	2,379.17		54,720.83	Assets related
Subsidy for the development on production line technical reform for green-friendly high-quality metal pipe	47,708.02		20,446.30		27,261.72	Assets related
Demolition compensation of Jiangxi Meiling	404,839.96		404,839.96			Assets related
<b>Total</b>	<b>175,664,038.83</b>	<b>1,442,700.00</b>	<b>13,947,729.58</b>		<b>163,159,009.25</b>	

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### 40. Share capital

Item	Opening balance	Change during the period (+, -)					Ending balance
		Newshares issued	Bonus share	Shares transferred from capital reserve	Other	Subtotal	
Total shares	1,044,597,881.00				14,674,166.00	14,674,166.00	1,029,923,715.00

### 41. Capital reserve

Item	Opening balance	Increase this period	Decrease this period	Ending balance
Share premium	2,634,786,308.86		12,493,667.73	2,622,292,641.13
Other capital reserve	48,043,091.40			48,043,091.40
<b>Total</b>	<b>2,682,829,400.26</b>		<b>12,493,667.73</b>	<b>2,670,335,732.53</b>

Note: change of share premium in the Period refers to the handling charge from repurchase of B-Share 64.58 yuan, cancellation of treasury stock in the Period was 12,493,603.15 yuan.

### 42. Treasury stock

Item	Opening balance	Increase this period	Decrease this period	Ending balance
Repurchase of B shares	26,430,571.38	737,197.77	27,167,769.15	
<b>Total</b>	<b>26,430,571.38</b>	<b>737,197.77</b>	<b>27,167,769.15</b>	

Note: The Company held the 40<sup>th</sup> session of the 9<sup>th</sup>BOD, the 21<sup>st</sup> session of the 9<sup>th</sup>BOS, and the third extraordinary general meeting of shareholders in 2020 on July 27 and August 18, 2020, which reviewed and approved the Proposal on the Repurchase of Part of the Company's Domestically Listed Foreign Shares (B Shares)", and agreed that the company would use its own funds to repurchase part of the company's domestically listed foreign shares (B shares) through centralized bidding transactions, and the repurchased B shares would be cancelled in accordance with the law and the registered capital of the company would be reduced accordingly. The total amount of the repurchase should be no less than 50 million yuan(inclusive) and no more than 100 million yuan (inclusive), based on the central parity rate of Hong Kong Dollar against RMB on July 24, 2020: 1 HKD = 0.9023 yuan, equivalent to Hong Kong dollars of not less than HK\$55,413,942.15 (inclusive) and not more than HK\$110,827,884.30 (inclusive). The specific total amount of repurchase funds should be subject to the total amount of funds actually used for the repurchase of shares at the expiration of the repurchase period. The price of repurchasing B shares this time should not exceed HK\$2.21/share (inclusive). After the implementation of the 2020 annual profit distribution plan, the upper limit of the price of repurchasing B shares would be adjusted from HK\$2.21/share (inclusive) to HK\$2.15/share (inclusive).

On August 24, 2021 and September 10, the Company held 11<sup>th</sup> session of 10<sup>th</sup> BOD, the 9<sup>th</sup> session of 10<sup>th</sup> BOS and third

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extraordinary shareholders meeting of 2021 to deliberated and approved the Proposal on Continue and Partially Adjusted the Repurchase Program of Certain Domestic Listed Foreign Shares (B share), agreed that the Company continue to implement the Repurchase of Part of Domestic Listed Foreign Shares (B share) which has been approved at the previous shareholders general meeting. At the same time, to extend the repurchase period of the aforementioned program to February 18, 2022, that is repurchase implementation period starts from August 18, 2020 to February 18, 2022. Price of the shares repurchased adjusted to not more than HK\$ 2.36 per share (inclusive). the 9,582,882 shares (B share) that repurchased at previous period will be cancelled in accordance with the law and regulations after the expiration of the extended period.

Since the first repurchase of shares on November 4, 2020, the company had cumulatively repurchased 14,674,166 shares of the company (B shares) in centralized bidding transactions through the special securities account for repurchase until February 18, 2022, representing 1.4048% of the total shares of the Company. The highest traded price was HK\$2.36 per share, and lowest traded price was HK\$1.87 per share, the average price was HK\$2.22. the funds used for repurchase of shares amounted to HK\$ 32,558,454.08 accumulative (transaction fees such as stamp duty and commission exclusive).

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

### 43. Other comprehensive income

Item	Opening balance	Current Period					Ending balance
		Account before income tax in Current Period	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less : Income tax expenses	Belong to parent company after tax	Belong to minority shareholders after tax	
Other comprehensive income re-divided into gains/losses							
Conversion difference arising from foreign currency financial statement	-20,903,270.57	161,477.79			61,187.61	100,290.18	-20,842,082.96
<b>Total</b>	<b>-20,903,270.57</b>	<b>161,477.79</b>			<b>61,187.61</b>	<b>100,290.18</b>	<b>-20,842,082.96</b>

### 44. Surplus reserves

Item	Opening balance	Increase this period	Decrease this period	Ending balance
Statutory surplus reserve	307,503,534.74			307,503,534.74
Discretionary surplus reserve	115,607,702.16			115,607,702.16



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Item	Opening balance	Increase this period	Decrease this period	Ending balance
<b>Total</b>	<b>423,111,236.90</b>			<b>423,111,236.90</b>

### 45. Retained profit

Item	Current Period	Last Year
<b>Amount at the end of last year</b>	<b>734,129,724.00</b>	<b>740,754,202.23</b>
Add: adjustment from undistributed profit at year-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		
<b>Amount at the beginning of this period</b>	<b>734,129,724.00</b>	<b>740,754,202.23</b>
Add: net profit attributable to shareholders of parent company for this period	60,375,199.25	51,898,388.84
Less: withdraw of statutory surplus reserve		6,746,446.47
withdraw of discretionary surplus reserve		
Withdraw of general risk provision		
Dividend payable for ordinary shares	51,496,185.75	51,776,420.60
Dividend of ordinary shares transferred to share capital		
<b>Ending balance</b>	<b>743,008,737.50</b>	<b>734,129,724.00</b>

### 46. Operation income and operation cost

#### (1) Operation income and operation cost

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main business	10,138,489,064.28	9,027,583,283.96	9,076,019,575.56	7,709,772,571.05
Other business	86,014,486.91	33,497,247.10	526,739,769.73	467,458,625.12
<b>Total</b>	<b>10,224,503,551.19</b>	<b>9,061,080,531.06</b>	<b>9,602,759,345.29</b>	<b>8,177,231,196.17</b>

#### (2) Main business classified according to product

Product	Current Period		Last Period	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator, freezer	3,557,279,193.80	3,052,742,990.21	4,083,961,202.33	3,333,608,452.02
Air-conditioner	5,350,650,174.76	4,907,155,572.46	3,958,753,350.50	3,540,481,498.57
Washing machine	393,315,713.02	330,678,793.62	322,671,076.35	245,250,873.36
Small	727,498,495.75	642,738,038.67	571,948,185.39	474,186,822.18

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Product	Current Period		Last Period	
	Operation income	Operation cost	Operation income	Operation cost
household appliances and kitchen and bathroom				
Other	109,745,486.95	94,267,889.00	138,685,760.99	116,244,924.92
<b>Total</b>	<b>10,138,489,064.28</b>	<b>9,027,583,283.96</b>	<b>9,076,019,575.56</b>	<b>7,709,772,571.05</b>

### (3) Main business classified according to sales region

Region	Current Period		Last Period	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	7,475,522,523.09	6,574,576,772.52	6,392,384,758.43	5,212,930,284.17
Overseas	2,662,966,541.19	2,453,006,511.44	2,683,634,817.13	2,496,842,286.88
<b>Total</b>	<b>10,138,489,064.28</b>	<b>9,027,583,283.96</b>	<b>9,076,019,575.56</b>	<b>7,709,772,571.05</b>

(4) At end of the Period, the amount of revenue corresponding to performance obligations that have been contracted for but not yet fulfill or not yet fulfilled was 137,082,770.11 yuan, of which, 39,802,951.78 yuan is expected to recognized as revenue in 2022, 67,649,790.28 yuan is expected to recognized as revenue in 2023 and 29,630,028.05 yuan is expected to recognized as revenue in 2024.

(5) Top five clients have income in sales of 6,155,942,986.63 yuan in total, a 60.21% in total operation income.

### 47. Business tax and extra charges

Item	Current Period	Last Period
Treatment fund for abandon electrics & electronics	34,053,294.00	24,442,938.00
City construction tax	11,595,547.22	6,500,216.07
Extra charge for education and local education surcharge	8,453,214.37	5,016,280.65
Real estate tax	10,082,904.39	9,677,275.48
Stamp duty	7,967,068.56	7,917,813.37
Land use tax	3,745,329.40	4,111,310.87
Water fund	3,799,503.15	3,408,779.05
Other	4,583.20	3,117.48
<b>Total</b>	<b>79,701,444.29</b>	<b>61,077,730.97</b>

### 48. Sales expense

Item	Current Period	Last Period
Salary, extra charges and labor service expenses	276,149,382.91	265,425,977.62
Market support expenses	141,739,223.51	146,558,469.94
National three guarantees expense	87,232,488.89	62,323,679.78

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Item	Current Period	Last Period
Shipping and Installation expense	60,200,021.37	383,528,356.21
Storage lease expenses	41,176,101.46	58,782,655.17
Travelling expenses	7,399,226.17	16,450,518.67
Business activity expenses	7,058,303.94	8,575,130.77
Vehicle expenses	6,683,479.81	3,175,822.45
Depreciation expenses	3,923,388.83	4,209,609.23
Advertising expenses	1,933,500.47	1,247,421.22
House-lease expenses	1,546,666.83	1,207,473.65
Other expenses	31,024,525.79	33,320,814.23
<b>Total</b>	<b>666,066,309.98</b>	<b>984,805,928.94</b>

### 49. Administration expense

Item	Current Period	Last Period
Salary and social insurance etc.	103,835,407.55	95,733,835.85
Depreciation	11,251,858.42	12,053,427.34
Amortized intangible assets	9,079,708.19	9,407,284.87
Water and electricity fee	2,245,082.21	3,137,429.43
Business activities fee	2,119,039.65	2,501,946.80
Property insurance fee	1,759,716.41	1,557,260.98
Domestic travelling fee	1,270,723.15	1,462,423.83
Office fee	709,951.38	1,063,725.75
Other expenses	31,860,655.01	26,040,092.13
<b>Total</b>	<b>164,132,141.97</b>	<b>152,957,426.98</b>

### 50. R&D expenses

Item	Current Period	Last Period
Salary and social insurance etc.	106,201,825.59	64,787,655.99
Amortized intangible assets	63,948,921.59	58,589,406.22
Trial fee of R&D	29,904,070.97	32,578,184.91
Cost of mould	15,297,848.50	1,384,855.16
Depreciation	8,315,504.26	6,808,269.93
Inspection and authentication fee	8,120,934.36	6,718,245.74
utility bill	5,776,873.50	4,976,797.24
Software royalty	1,166,276.97	1,291,273.00
Other expenses	9,380,518.80	8,978,566.02
<b>Total</b>	<b>248,112,774.54</b>	<b>186,113,254.21</b>

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### 51. Financial expenses

Item	Current Period	Last Period
Interest expenditure	16,913,382.96	37,292,383.25
Less: Interest income	66,581,155.37	62,433,816.96
Add: exchange loss	-9,470,041.33	19,162,463.83
Procedure charge expenditure	6,582,921.01	8,002,685.90
Discount expenditure	-11,270,142.69	-7,719,706.12
Interest expense on lease liability	1,038,707.46	
<b>Total</b>	<b>-62,786,327.96</b>	<b>-5,695,990.10</b>

### 52. Other income

Item	Current Period	Last Period
Immediate refund of VAT for software products	6,981,697.33	2,548,001.17
Awards of high quality policy industrial internet for 2021	4,663,100.00	
Award funds for supporting the development of China Sound Valley Demonstration factory construction for the intelligent manufacturing of intelligent air-conditioner	4,385,000.00	544,200.00
2022 provincial foreign trade funds (market development of key and brand market enterprise)	3,759,493.66	3,132,911.40
Subsidy for employment stable	2,500,000.00	
Supporting the industrial internet construction and scene application	2,266,011.87	111,761.05
Promotion of insurance	2,000,000.00	
Demolition compensation of Changhong Meiling	1,819,544.22	
Adaptability improvement on new coolants production	1,291,710.56	1,069,128.53
Dispersed to collected for tablet in Nanjing Port	1,182,490.86	1,182,490.86
2022 Provincial industrial development special funds	1,165,095.00	
Support the lineage development of enterprises in the region	1,000,000.00	
RESEARCH AND APPLICATION OF THE VISA (VARIABLE FREQUENCY VOLUME INTEGRATED INTELLIGENT AIR-CONDITIONER)	716,000.00	
Subsidy for industrial development policy from Hefei for first half of 2018	704,651.16	704,651.16
Personal tax handing fee refund	625,000.00	625,000.00
Changhong Air Conditioner- relocation of production base and upgrading & expansion	597,590.71	435,495.15
Centre for external cooperation of the environmental protection	573,333.33	
2021 Anhui Science & technology support funds for major special projects	515,754.53	257,877.27
2021 advanced manufacturing development policy	500,000.00	
Award of innovation for the new third board	500,000.00	
Subsidy for industrial development policy from Hefei for second half of 2019	500,000.00	
Demolition compensation of Jiangxi Meiling	447,137.50	447,137.50
Municipal award and subsidy for the advanced manufacturing policy in first	404,839.96	889,944.30
	373,062.50	

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Item	Current Period	Last Period
half of 2020		
District-level subsidy funds for advanced manufacturing policies in the first half of 2021	373,056.26	
Industrialization of intelligent white household appliances software platform and typical application research and development	363,636.36	363,636.36
Policy funds for manufacturing a strong province, subsidy for equipment for the technological transformation of industrial strong base	312,500.00	312,500.00
Subsidies for intelligent transformation & upgrading of enterprises from the new industrialization policy in economic development zone	302,837.50	302,837.50
2020 subsidy for advancing technological transformation projects	267,962.50	
Government subsidy for new plant construction - industrialization of cryogenic refrigeration equipment	250,000.00	250,000.00
Subsidy for industrial development policy from Hefei for first half of 2020	217,300.00	217,300.00
Special funds for strategic emerging industry and high-end growth industry	206,896.55	
2021 manufacturing strong provincial policy subsidy funds	203,750.00	
2020 fund allocation for Anhui Province's triple innovation project	162,500.00	
2020 supporting funds to support the innovation and development of artificial intelligence industry	162,500.00	
Subsidy from Zhongshan Finance Bureau (CZ028001 provincial special project 2019)	152,823.25	152,823.24
Promoting the new industry (annual output of 0.6 million medium& large volume environmental protection and energy saving freezer)	152,206.26	152,206.26
Upgrading technology transformation of AC production line	113,903.75	30,601.92
Equipment subsidy for the industrial base technical renovation from Economic and Information Commission	117,500.00	117,500.00
Promotion of the energy-saving room air conditioner	105,154.62	105,154.62
Corporate policy funding		27,000,000.00
Loan discount		3,000,000.00
Subsidy of the featured dual innovation vehicle in economic development zone of Hefei		2,000,000.00
VAT refund 2019		1,635,266.39
Economic Development Zone Industrialization Policy Award and Supplementary Funds in 2019		1,140,400.00
Hefei City 2020 smart home appliance (home) technology award and subsidy		1,000,000.00
Reward for the enterprise with fast revenue growth		500,000.00
Technical transformation of the Athena project		474,375.00
2018 special funds for industrial development of Zhongshan -topic of technology transformation		132,861.90
Other petty projects	5,389,351.57	6,414,039.35
<b>Total</b>	<b>48,325,391.81</b>	<b>57,250,100.93</b>

### 53. Investment income

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

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Item	Current Period	Last Period
Long-term equity investment income by equity method	8,971,315.55	-16,047,810.77
Investment income obtained from disposal of Trading financial assets	7,825,971.39	65,827,326.06
Income from financial products	1,784,208.22	2,754,190.61
Investment income of other non-current financial assets during holding period	76,200.80	
The termination of income recognition for financial assets measured by amortized cost	-10,198,142.54	
Interest income from debt investment during the holding period	5,356,708.33	
<b>Total</b>	<b>13,816,261.75</b>	<b>52,533,705.90</b>

### 54. Changes in fair value gains

Item	Current Period	Last Period
Trading financial assets	30,187,709.04	-11,569,560.58
Including :Income of fair value changes from derivative financial instruments	29,478,307.89	-18,496,182.50
Interest accrual for wealth management products	709,401.15	6,926,621.92
Trading financial liability	-26,624,972.00	1,837,906.29
Including: Income of fair value changes from derivative financial instruments	-26,624,972.00	1,837,906.29
<b>Total</b>	<b>3,562,737.04</b>	<b>-9,731,654.29</b>

### 55. Credit impairment loss

Item	Current Period	Last Period
Note receivable bad debt loss		546,876.51
Account receivable bad debt loss	-50,863,838.62	-15,669,395.22
Other account receivable bad debt loss	397,219.49	1,514.82
<b>Total</b>	<b>-50,466,619.13</b>	<b>-15,121,003.89</b>

### 56. Assets impairment loss

Item	Current Period	Last Period
Loss on inventory valuation	-28,983,106.69	-43,310,366.42
Impairment loss on contractual assets	-808,716.15	
<b>Total</b>	<b>-29,791,822.84</b>	<b>-43,310,366.42</b>

### 57. Income from assets disposal

Item	Current Period	Last Period	Amount reckoned into non-recurring gains/losses in Current Period
Income from non-current assets disposal	8,358,775.10	-208,978.90	8,358,775.10

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Item	Current Period	Last Period	Amount reckoned into non-recurring gains/losses in Current Period
Including: income classify to assets ready for sale			
income not classify as to assets ready for sale	8,358,775.10	-208,978.90	8,358,775.10
Including: Income from fixed assets disposal	4,141,767.54	-208,978.90	4,141,767.54
Income from intangible assets disposal	4,217,007.56		4,217,007.56
<b>Total</b>	<b>8,358,775.10</b>	<b>-208,978.90</b>	<b>8,358,775.10</b>

### 58. Non-operation revenue

Item	Current Period	Last Period	Amount reckoned into non-recurring gains/losses in Current Period
Income of penalty	567,772.74	854,054.88	567,772.74
Profit from disposal of non-current assets	321,759.27	117,430.00	321,759.27
Other	2,021,355.78	4,890,835.83	2,021,355.78
<b>Total</b>	<b>2,910,887.79</b>	<b>5,862,320.71</b>	<b>2,910,887.79</b>

### 59. Non-operating expenditure

Item	Current Period	Last Period	Amount reckoned into non-recurring gains/losses in Current Period
Non-current asset retirement losses	1,142,293.89	645,034.44	1,142,293.89
Penalty and late fee	2,264.75	34,829.07	2,264.75
Other	1,188,402.19	80,729.11	1,188,402.19
<b>Total</b>	<b>2,332,960.83</b>	<b>760,592.62</b>	<b>2,332,960.83</b>

### 60. Income tax expenses

Item	Current Period	Last Period
Current income tax	16,329,432.39	21,302,275.31
Deferred Income Tax	-26,445,005.85	15,784,696.07
<b>Total</b>	<b>-10,115,573.46</b>	<b>37,086,971.38</b>

### 61. Other comprehensive income

Found more in 43. Other comprehensive income in VI

### 62. Items of cash flow statement

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

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

#### 1) Cash received from other activities relating to operation

Item	Current Period	Last Period
Government subsidy and rewards	31,397,968.22	40,956,209.27
Cash deposit, deposit	19,397,785.91	9,420,313.94
Collection of restriction fund	14,531,658.71	22,688,330.93
Rental income	3,346,435.18	2,178,291.38
Compensations	1,724,086.13	2,605,385.53
Petty cash collection	62,136.33	81,130.50
Other	2,347,265.99	1,712,766.06
<b>Total</b>	<b>72,807,336.47</b>	<b>79,642,427.61</b>

#### 2) Cash paid for other activities relating to operation

Item	Current Period	Last Period
Market expenses	82,409,839.91	103,773,740.45
Rental fee	52,784,034.29	57,814,676.41
Petty cash, deposit, Cash deposit	22,367,764.50	27,666,562.51
Service support fee	15,879,324.80	31,063,421.76
Inspection and certification fee, certification charge and reviewing fee	14,909,635.84	11,298,717.35
Technological cooperation costs and consulting charge	13,589,880.67	6,098,074.18
Repair fee	13,247,556.80	8,129,554.19
Travel expenses, meeting fees and exhibition fees	13,095,827.32	23,609,336.42
Business activity fee	10,637,980.89	11,888,247.82
Transportation and vehicle costs	7,774,128.45	8,370,198.29
Handling fee	5,441,203.36	8,259,452.97
Advertising fee	4,240,519.54	2,917,266.75
Office expenses	3,180,729.46	3,172,145.59
Labor fee	1,277,408.41	2,003,400.19
Communication costs	1,061,789.96	1,073,434.97
Board expenses	277,495.67	295,899.82
Convert to restricted funds	85,623,704.49	397,877,095.29
Other expenses	43,501,646.82	57,185,190.67
<b>Total</b>	<b>391,300,471.18</b>	<b>762,496,415.63</b>

#### 3) Cash received from other activities relating to investment



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Item	Current Period	Last Period
Interest income arising from bank savings	64,456,820.07	69,755,550.75
Cash deposit	1,182,376.24	925,112.51
Income of forward exchange settlement	8,021.82	67,706,807.74
<b>Total</b>	<b>65,647,218.13</b>	<b>138,387,471.00</b>

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

Item	Current Period	Last Period
Losses of forward exchange settlement	7,635,033.86	47,506.93
<b>Total</b>	<b>7,635,033.86</b>	<b>47,506.93</b>

### 5) Cash received from other activities relating to financing

Item	Current Period	Last Period
Meiling series (internal) bill discounting fundraising	84,181.37	4,675,857.30
<b>Total</b>	<b>84,181.37</b>	<b>4,675,857.30</b>

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

Item	Current Period	Last Period
Lease liability principal and interest	7,095,354.40	4,097,081.48
Meiling series (internal) bill discounting fundraising	2,341,617.17	
Intermediary service fee	1,345,000.00	
Payment for B share repurchase	737,262.35	7,032,876.30
Financing lease	175,323.88	175,323.88
Handling charge of dividend	36,509.97	36,415.52
Convert to restricted funds	420,619,026.50	
<b>Total</b>	<b>432,350,094.27</b>	<b>11,341,697.18</b>

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

Item	Current Period	Last Period
<b>1. Net profit is adjusted to cash flow of operation activities:</b>		
Net profit	72,694,901.46	55,696,358.16
Add: provision for depreciation of assets	60,861,695.16	32,172,406.39
Depreciation of fixed assets, consumption of oil gas assets and depreciation of productive biological assets	112,530,324.02	108,832,291.21
Depreciation of right-of-use assets	6,170,422.64	3,296,977.97
Amortization of intangible assets	74,908,844.79	70,475,493.03
Amortization of long-term retained expense	19,080.92	

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Item	Current Period	Last Period
Loss from disposal of fixed assets, intangible assets and other long term assets (gain is listed with “-”)	-8,358,775.10	208,978.90
Loss from discarding fixed assets as useless (gain is listed with “-”)	-820,534.62	527,604.44
Loss from change of fair value (gain is listed with “-”)	-3,562,737.04	9,731,654.29
Financial expense (gain is listed with “-”)	-59,137,813.74	-5,978,969.88
Investment loss (gain is listed with “-”)	-13,816,261.75	-52,533,705.90
Decrease of deferred income tax assets (increase is listed with “-”)	-25,663,712.30	19,447,731.84
Increase of deferred income tax liabilities (decrease is listed with “-”)	-781,293.55	-3,655,216.54
Decrease of inventories (increase is listed with “-”)	-262,649,097.49	-587,211,166.68
Decrease of operational accounts receivable (increase is listed with “-”)	-410,183,298.77	-988,302,199.73
Increase of operational accounts receivable (decrease is listed with “-”)	1,103,933,518.50	748,795,645.68
Other	-71,092,045.78	
Net cash flow arising from operation activities	575,053,217.35	-588,496,116.82
<b>2. Major investment and financing activities that do not involve cash receipts:</b>		
Conversion of debt into capital		
Switching Company bonds due within one year		
financing lease of fixed assets		
<b>3. Net change in cash and cash equivalents:</b>		
Balance at period-end of cash	5,237,646,245.54	4,767,551,500.75
Less: Opening balance of cash	5,840,194,931.57	6,425,529,815.10
Add: Balance at period-end of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-602,548,686.03	-1,657,978,314.35

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

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

(5) Cash and cash equivalent

Item	Current Period	Last Period
Cash	5,237,646,245.54	4,767,551,500.75
Including: cash in stock	31,633.86	89,912.16
Bank deposits available for payment at any time.	5,236,987,879.70	4,083,081,613.97
Other monetary fund available for payment at any time	626,731.98	684,379,974.62
Cash equivalents		
Including: bond investment due within 3 months		
Balance of cash and cash equivalents at period-end	5,237,646,245.54	4,767,551,500.75

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Item	Current Period	Last Period
Including: using the restricted cash and cash equivalents of the parent company or subsidiary of the group		

### 63. Assets with ownership or the right to use restricted

Item	Book value at period-end	Reasons
Monetary fund	931,910,598.85	Margin, Fixed Deposit, Frozen Funds
Receivables financing <sup>note 1</sup>	515,578,650.05	Pledged
Investment real estate <sup>note 2</sup>	3,368,611.31	Mortgage
Fixed assets <sup>note 2</sup>	342,747,272.11	Mortgage
Intangible assets <sup>note 2</sup>	276,909,965.43	Mortgage
<b>Total</b>	<b>2,070,515,097.75</b>	

Note 1: The note receivable listed in receivables financing was pledged for: short-term financing from the bank; with purpose of improving the note utilization, the Company draw up bank acceptance by pledge parts of the outstanding notes receivable to the bank

Note 2: The mortgage of investment real estate, fixed assets, and intangible assets is the mortgage of houses and buildings and land use rights. For details, please refer to Note VI. 34. Long-term loans.

### 64. Foreign currency

#### (1) Foreign currency

Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
<b>Monetary fund</b>			<b>260,304,768.74</b>
Including: USD	31,417,800.49	6.7114	210,857,426.21
Euro	525,770.71	7.0084	3,684,811.44
GBP	78.79	8.1365	641.07
AUD	8,666,462.89	4.6145	39,991,393.01
HKD	3,744.65	0.8552	3,202.42
Pakistan Rupai	38,723,401.72	0.0327	1,266,255.24
IDR	7,009,051,052.00	0.000451	3,161,082.02
PHP	11,010,331.41	0.1217	1,339,957.33
<b>Account receivable</b>			<b>776,926,671.15</b>
Including: USD	95,324,543.66	6.7114	639,761,142.32
Euro	1,893,377.78	7.0084	13,269,548.83
GBP	44,831.45	8.1365	364,771.09

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Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
AUD	9,845,522.00	4.6145	45,432,161.27
KRW	1,673,068,607.00	0.005155	8,624,668.67
Pakistan Ruppi	1,581,761,874.44	0.0327	51,723,613.29
IDR	35,381,410,841.21	0.000451	15,957,016.29
PHP	14,739,107.58	0.1217	1,793,749.39
<b>Other account receivable</b>			<b>6,779,003.68</b>
Including: USD	795,202.49	6.7114	5,336,921.99
Pakistan Ruppi	13,780,264.89	0.0327	450,614.66
IDR	2,019,467,700.00	0.000451	910,779.93
PHP	663,000.00	0.1217	80,687.10
<b>Account payable</b>			<b>59,980,957.43</b>
Including: USD	770,106.51	6.7114	5,168,492.83
Euro	13,419.32	7.0084	94,047.96
Pakistan Ruppi	997,494,603.03	0.0327	32,618,073.52
IDR	33,734,917,734.00	0.000451	15,214,447.90
PHP	56,580,897.42	0.1217	6,885,895.22
<b>Other account payable</b>			<b>15,476,885.84</b>
Including: USD	100,496.42	6.7114	674,471.67
Pakistan Ruppi	326,408,714.37	0.0327	10,673,564.96
IDR	8,729,895,798.00	0.000451	3,937,183.00
PHP	1,574,907.22	0.1217	191,666.21

### (2) Foreign operational entity

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

### 65. Hedging

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

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the balance sheet date. The Company adopts the ratio analysis method to evaluate the hedging effectiveness.

Hedging instrument is as follows:

Item	Book value of the hedging instrument on 30 June 2022	Item of balance sheet with hedging instrument
<b>Fair value hedges</b>		
Exchange rate risk-forward foreign exchange contracts and definite commitments not yet confirmed, etc.	47,475,394.08	Trading financial assets
Exchange rate risk-forward foreign exchange contracts and definite commitments not yet confirmed, etc.	38,929,244.41	Tradable financial liabilities

### 66. Government subsidy

Item	Amount	Item	Amount reckoned into current gain/loss
VAT refund on software products	6,981,697.33	Other income	6,981,697.33
Awards of high quality policy industrial internet for 2021	4,663,100.00	Other income	4,663,100.00
Award funds for supporting the development of China Sound Valley	4,385,000.00	Other income	4,385,000.00
2022 provincial foreign trade funds (market development of key and brand market enterprise)	2,500,000.00	Other income	2,500,000.00
Subsidy for employment stable	2,266,011.87	Other income	2,266,011.87
Supporting the industrial internet construction and scene application	2,000,000.00	Other income	2,000,000.00
Promotion of insurance	1,819,544.22	Other income	1,819,544.22
Upgrading technology transformation of AC production line	1,385,600.00	Deferred income	113,903.75
Dispersed to collected for tablet in Nanjing Port	1,165,095.00	Other income	1,165,095.00
2022 Provincial industrial development special funds	1,000,000.00	Other income	1,000,000.00
Support the lineage development of enterprises in the region	716,000.00	Other income	716,000.00
Personal tax handling fee refund	597,590.71	Other income	597,590.71
2021 Anhui Science & technology support funds for major special projects	500,000.00	Other income	500,000.00
2021 advanced manufacturing development policy	500,000.00	Other income	500,000.00
Award of innovation for the new third board	500,000.00	Other income	500,000.00
Subsidy of advanced manufacturing policy for second half of 2021	57,100.00	Deferred income	2,379.17
Other petty projects	4,687,444.72	Other income	4,687,444.72
<b>Total</b>	<b>35,724,183.85</b>		<b>34,397,766.77</b>

### VII. Changes of consolidation rage

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1. Enterprise combined under the different control: nil

2. Enterprise combined under the same control: nil

3. Reversed takeover: nil

4. Disposal of subsidiary: nil

5. Subsidiary liquidated

Subsidiary	Equity disposal price	Share disposal ratio (%)	Equity disposal method	Point out which the control is lost	Basis for determining the point at which the control is lost	Difference between the disposal price and the share of net assets of the subsidiary at the consolidate financial statement corresponding to the disposal of the investment	Amount of investment gains transferred from other comprehensive income that related to equity investment of original subsidiary
Jinan Xiangyou Electric Appliances Marketing Co., Ltd		93.4	Liquidation & cancellation	2022.02	Completed the liquidation & cancellation		

6. Subsidiary newly established: nil

7. Subsidiary merger by absorption

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

In March 2022, consolidation by merger, Hefei Meiling Group Holdings Limited purchased 100% equity of Zhengzhou Meiling Electric Appliances Marketing Co., Ltd (hereinafter referred to as Zhengzhou Meiling) from Hefei Meiling Electric Appliances Marketing Co., Ltd. As of 30 June 2022, the industrial & commercial and tax cancellation under the name of Zhengzhou Meiling has not been completed.

## VIII. Equity in other entity

1. Equity in subsidiary

(1) Composition of the enterprise group

Subsidiary	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
				Directly	Indirectly	
Zhongke Meiling Cryogenic Technology Co., Ltd1)	Hefei	Hefei	Manufacturing and sales	63.2683		Investment establishment

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Subsidiary	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
				Directly	Indirectly	
Sichuan Hongmei Intelligent Technology Co., Ltd.2)	Mianyang	Mianyang	Software development		100	Investment establishment
Mianyang Meiling Refrigeration Co., Ltd.3)	Mianyang	Mianyang	Manufacturing and sales	95	5	Investment establishment
Jiangxi Meiling Electric Appliance Co., Ltd.4)	Jingdezhen	Jingdezhen	Manufacturing and sales	98.75	1.25	Investment establishment
Hefei Meiling Wulian Technology Co., Ltd.5)	Hefei	Hefei	Software development	100		Investment establishment
Hefei Meiling Electric Appliances Marketing Co., Ltd.6)	Hefei	Hefei	Sales	99.82	0.18	Investment establishment
Wuhan Meizhirong Electric Appliances Marketing Co., Ltd.7)	Wuhan	Wuhan	Sales		92	Investment establishment
Hefei Meiling Nonferrous Metal Products Co., Ltd.8)	Hefei	Hefei	Manufacturing and sales		100	Enterprise combined not under the same control
Changhong Meiling Ridian Technology Co., Ltd.9)	Zhongshan	Zhongshan	Manufacturing and sales	99.0361		Enterprise combined under the same control
CHANGHONG MEILING ELECTRIC INDON ESIA PT 10)	Jakarta	Jakarta	Sales		100	Investment establishment
Changhong Ruba Trading Company (Private) Limited 11)	Pakistan	Pakistan	Sales		60	Investment establishment
Sichuan Changhong Air-conditioner Co., Ltd.12)	Mianyang	Mianyang	Manufacturing and sales	100		Enterprise combined under the same control
Zhongshan Changhong Electric Co., Ltd.13)	Zhongshan	Zhongshan	Manufacturing and sales	90	10	Enterprise combined under the same control
Hefei Meiling Group Holdings Limited.14)	Hefei	Hefei	Manufacturing and sales	100		Enterprise combined not under the same control
Meiling Equator Household Appliance (Hefei) Co., Ltd.15)	Hefei	Hefei	Manufacturing and sales		100	Enterprise combined not under the same control
Hefei Equator Appliance Co., Ltd.16)	Hefei	Hefei	Manufacturing and sales		100	Enterprise combined not under the same control
Ground Energy Heat Pump Tech. Co., Ltd.17)	Mianyang	Mianyang	Manufacturing and sales		51	Investment establishment
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd. 18)	Zhongshan	Zhongshan	Manufacturing and sales		51	Investment establishment
Meiling CANDY Washing Machine Co., Ltd.19)	Hefei	Hefei	R&D, sales	60		Investment establishment
Guangzhou Changhong Trading Co., Ltd.20)	Guangzhou	Guangzhou	Sales		100	Investment establishment
Hebei Hongmao Daily Appliance Technology Co., Ltd.21)	Handan	Handan	Manufacturing and sales		99.0361	Investment establishment
Anhui Tuoxing Technology Co., Ltd.22)	Hefei	Hefei	Manufacturing and sales		63.2683	Investment establishment

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Subsidiary	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
				Directly	Indirectly	
CH-Meiling International (Philippines) Inc. 23)	Philippines	Philippines	Sales	100		Investment establishment
Hefei Changhong Meiling Life Appliances Co., Ltd. 24)	Hefei	Hefei	Sales	70		Investment establishment
Anhui Ling'an Medical Equipment Co., Ltd. 25)	Lu'an	Lu'an	Manufacturing and sales		63.2683	Investment establishment

Note:

1) Zhongke Meiling Cryogenic Technology Co., Ltd. (hereinafter referred to as Zhongke Meiling), the predecessor of which was Zhongke Meiling Cryogenic Technology Limited Liability Company, was established on 29 October 2002 by joint contribution from the Company and Technical Institute of Physics and Chemistry, CAS ("TIPC"), with registered capital of 60 million yuan upon the establishment, among which, the Company made capital contribution of 42 million yuan (including the assets in specie at the consideration of 35,573,719.70 yuan as evaluated by Beijing Zhongzheng Appraisal Co., Ltd. with issuance of the Appraisal Report (ZZPBZ(2002)No.029) and cash contribution of 6,426,280.30 yuan) accounting for 70% of the aforesaid registered capital, and TIPC made capital contribution of 18 million yuan with intangible assets of such value (namely the single compressor mixture industrial low temperature refrigeration technology) as evaluated by Jingzhongzi Assets Appraisal Co., Ltd. with issuance of the Appraisal Report (ZZPBZ(2002)No.225) accounting for 30% of the aforesaid registered capital. The paid-in of the above registered capital has been verified by Huazheng Accounting Firm by issuance of the Assets Verification Report (HZYZ (2002) No. B157) dated 16 October 2002.

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

On 10 August 2015, all the founders signed the Founder Agreement of Zhongke Meiling Cryogenic Technology Company Limited, pursuant to which, they decided to change the firm type of Zhongke Meiling Cryogenic Technology Company Limited to a joint stock company. Based on the net assets of 96,431,978.25 yuan as audited by Xinyong Zhonghe CPA as of 30 June 2015, an aggregate of 65,000,000 shares have been converted at the proportion of 1:0.67, which are to be held by the original shareholders according to their respective entitlement. In case that the net assets exceed registered capital, the balance shall be recorded in capital reserve. On 28 August 2015, Xinyong Zhonghe CPA reviewed the registered capital and paid-in thereof in respect of the stock reform, and issued Assets Verification Report (XYZH/2015CDA40161). The Company registered industrial and commercial information on 11 September 2015.

On November 25, 2016, the first Extraordinary Shareholders' General Meeting of Zhongke Meiling Cryogenic Technology Co., Ltd. in 2016 considered and approved the Proposal on the Issuance Plan of the Company; Zhongke Meiling Company issued 3,150,000 shares to specific investors by the non-public offering of shares at 1.63 yuan per share. The current capital increase was verified by the No. [XYZH/2016CDA40294] capital verification report issued by ShineWing CPA (special general partnership). After the completion of the issuance, the share capital of Zhongke Meiling Company increased to 68,150,000 shares and the Company's shareholding ratio was 66.76%.

On 15 September 2017, the Proposal of the First Stock Placement of Zhongke Meiling Cryogenic Technology Co., Ltd for year of 2017 was deliberated and approved by 4<sup>th</sup> session extraordinary of shareholders general meeting of 2017. Zhongke Meiling offering 490,300 shares to specific investors by way of privately placement, which has 1.72 yuan per



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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.

On September 9, 2019, the 10<sup>th</sup> Meeting of the 2<sup>nd</sup>BOD and the Fourth Extraordinary Shareholders' Meeting reviewed and approved the Proposal on the First Stock Issuance Plan of Zhongke Meiling Cryogenic Technology Co., Ltd. in 2019 (Revised Version), the number of shares to be issued this time does not exceed 3,907,900 shares (including 3,907,900 shares), the issue price is not less than 2.16 yuan per share, and the raised funds are expected to not exceed 8,441,064.00 yuan (including 8,441,064.00 yuan). After the completion of the additional issue, the company's share capital increased to 72,548,200 shares, which was verified by [No. XYZH/2020CDA30002] "Capital Verification Report" issued by Shine Wing Certified Public Accountants (LLP), and the Company's shareholding ratio was 63.2683%.

2) Sichuan Hongmei Intelligent Technology Co., Ltd. (hereinafter referred to as Hongmei Intelligent) was established on Jan. 24, 2014. It is a limited company jointly invested by the Company and Mianyang Meiling Refrigeration Co., Ltd., being approved by the Industrial and Commerce Bureau of Peicheng District, Mianyang City. The company owes registered capital of 5 million yuan, including 4.95 million yuan contributed by Changhong Meiling Company in cash, accounted for 99% of the registered capital; Mianyang Meiling Refrigeration Co., Ltd. contributed 50000 yuan in cash with 1% of the register capital occupied. The above mentioned register capital have been verified by verification report of Chuanjinlai Yanzi No. [2014] B039 issued by Sichuan Jinlai Accounting Firm Co., Ltd. In July 2016, the shares of Hongmei Intelligent, held by the Company has transferred to Sichuan Changhong AC Co., Ltd., after transferred, Changhong AC has 99% equity of Hongmei Intelligent, the Company has no shares of Hongmei Intelligent directly.

3) Mianyang Meiling Refrigeration Co., Ltd. (hereinafter referred to as Mianyang Meiling), a limited liability company jointly set up by the Company and China-tech Meiling Company, was founded on Mar. 6, 2009. Its registered capital and paid-in capital were 50 million yuan upon establishment, of which, the Company invested 45 million yuan, accounting for 90% of the registered capital; Zhongke Meiling Company invested 5 million yuan, accounting for 10% of the registered capital. The capital receipt was verified by the verification report [CXKY (2009) No. 008] of Sichuan Xingrui Certified Public Accountants. On 19 January 2011, the Company increase 50 million yuan in capital of Mianyang Meiling, of which 95 million yuan invested by the Company, a 95% of total register capital while 5 million yuan invested by Zhongke Meiling, a 5% of total capital occupied. The paid-in capital has been verified by Capital Verification Report [XYZH/2010CDA6040] from Chengdu Branch of Shinewing CPACO., Ltd. In 2011, Zhongke Meiling entered into "Equity Transfer Agreement" with Jiangxi Meiling Refrigeration Co., Ltd. 5 percent equity of Mianyang Meiling held by Zhongke Meiling was transferred to Jiangxi Meiling Refrigerator. In September 2013, Jiangxi Meiling Refrigeration was combined by Jiangxi Meiling Electric Appliance Co., Ltd., than 5 percent equity was transfer to Jiangxi Meiling Electric Appliance.

4) Jiangxi Meiling Electric Appliance Co., Ltd. (hereinafter referred to as Jiangxi Meiling Electric Appliance) was a limited liability company jointly established by the Company and Mianyang Meiling on 23 May 2011. Register capital of the company totally as 50 million yuan, 49.375 million yuan invested by the Company, 98.75% in total register capital while 0.625 million yuan invested by Mianyang Meiling, a 1.25% in total register capital occupied. The initial investment 10.50 million yuan was received dated 13 May 2011 with 10 million yuan from the Company and 0.5 million yuan from Mianyang Meiling. Rest of the capital shall be invested fully within 2 years after the joint ventures established according to capital requirement. The initial investment capital were verified by the Capital Verification Report [JXKYZi (2011) No. 090] issued from Jingdezhen Xingcei CPA Co., Ltd. Second capital 39.5 million yuan was fully funded on 28 July

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2011, the Company contributed 39.375 million yuan while Mianyang Meiling Company invested 125,000 yuan, the contributions have been verified by the capital verification report [Jing Xing Kuai Yan Zi (2011) No.: 134] issued from JDZ Xingci CPA Co., Ltd.

5) Hefei Meiling Wulian Technology Co., Ltd. (hereinafter referred to as Wulian Technology) was established dated 21 January 2019 with registered capital of 10 million yuan, and it is the subsidiary of the Company with fully-owned establishment. On 19 March 2019, paid in capital is 6 million yuan

6) Hefei Meiling Electric Appliances Marketing Co., Ltd (hereinafter referred to as Meiling Marketing) is the limited company jointly invested by the Company and Mianyang Meiling Company on 21 Oct. 2009. Registered capital and paid-up capital were 10 million yuan, including 9.9 million yuan invested by the Company, a 99% of the registered capital; Mianyang Meiling Company contributed 0.1 million yuan, a 1% of the registered capital. The above mentioned paid-up register capital have been verified by verification report of [Wan An Lian Xin Da Yan Zi (2009) No. 074] issued by Anhui An Lian Xin Da Accounting Firm Co., Ltd. On 25 Nov. 2010, the Company increased capital 45 million yuan, registered capital amounting to 55 million yuan, including 54.9 million yuan contributed by the Company, a 99.82% of the registered capital, while Mianyang Meiling invested 0.1 million yuan, a 0.18% of the registered capital. The increased capital has been verified by verification report of [Wan Hua Shen Zheng Da Kuai Yan Zi (2010) No. 1514] issued by Anhui Hua Shen Zhengda CPA Co., Ltd.

7) Wuhan Meizirong Electrical Marketing Co., Ltd (hereinafter referred to as Wuhan Meizirong) was established dated 10 January 2011 with registered capital of 5 million yuan; Meiling Marketing invested 4.60 million yuan, accounted for 92% of the registered capital.

8) Hefei Meiling Nonferrous Metal Products Co., Ltd. (hereinafter referred to as Nonferrous Metal) was the Sino-foreign joint venture jointly set up by original Meiling Group, Hefei Meiling Copper Co., Ltd. And Singapore Kim Shin Development Co., Ltd., which have been originally approved by the [WJMWZZ (1996) No.349] of Foreign Trade and Economic Committee of Anhui Province. Its registered capital was US\$ 2.92 million upon establishment, of which, original Meiling Group invested US\$ 1.46 million (monetary capital), accounting 50% of the registered capital, Hefei Meiling Copper Co., Ltd invested US\$ 0.584 million (monetary capital of RMB 0.18 million and real assets of US\$ 0.404 million), accounting 20% of registered capital while Singapore Kim Shin Development Co., Ltd invested US\$ 0.876 million (monetary capital), accounting 30% of the registered capital. The above mentioned investment verified by the verification report of [HSWZ (1995) No. 0737], [HSWZ (1996) No. 328] and [HSWZ (1998) No. 088] from Anhui CPAs Co., Ltd. In July 2008, approved by [HWS (2008) No.53] from Foreign Trade Economic Cooperation Bureau of Hefei City, 30% equity and 20% equity held by Singapore Kim Shin Development Co., Ltd and Hefei Meiling Copper Co., Ltd respectively transferred to original Meiling Group Totally. The Company's register capital came into 24,286,808.00 yuan after transference, and was not the joint-venture any more.

9) Changhong Meiling Ridian Technology Co., Ltd. (hereinafter referred to as Ridian Technology) is a limited liability company invested and established by Sichuan Changhong Electric Co., Ltd. (hereinafter referred to as Sichuan Changhong) and Sichuan Changhong Motor Transport Co., Ltd. (hereinafter referred to as Changhong Motor Transport Company) on May 25, 2016. The registered capital and paid-in capital are 40 million yuan, of which Sichuan Changhong has invested 32 million yuan by monetary capital, accounting for 80% of the registered capital; Changhong Motor Transport Company has invested 8 million yuan, accounting for 20% of the registered capital. The official receipts of

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registered capital have been verified by original Sichuan Junhe Accounting Firm [No. JHYZ (2006) 3027]. Ridian Technology increased registered capital of 43 million yuan on January 4, 2007, changing from 40 million yuan to 83 million yuan, for the newly increased 43 million yuan, Sichuan Changhong invested 1.8 million yuan, Guangdong Xiongfeng Electric Co., Ltd. invested 40 million yuan, and Kou Huameng and other 9 natural person shareholders invested 1.2 million yuan, at the same time, the shareholders' meeting considered and agreed to transfer the investment of 8 million yuan of Changhong Motor Transport Company to Sichuan Changhong Venture Investment Co., Ltd, the structure of the registered capital after changes was that Sichuan Changhong invested 33.8 million yuan, accounting for 40.72%; Guangdong Xiongfeng Electric Co., Ltd. invested 40 million yuan, accounting for 48.19%; Sichuan Changhong Venture Investment Co., Ltd Invested 8 million yuan, accounting for 9.64%; Kou Huameng and other 9 natural person shareholders invested 1.2 million yuan, accounting for 1.45%. The change of registered capital was verified by Zhongshan Promise Accounting Firm [No. ZCHZ (2007)501010].

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

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

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

On 7 April 2020, Ridian Technology convened the shareholders' meeting, and agreed the Wu Chang yuan to transferred total 0.18% equity of the Ridian Technology to the Company. After the transfer, the Company directly holds 99.0361% stock rights of Ridian Technology.

10) CHANGHONG MEILING ELECTRIC INDONESIA, PT.(hereinafter referred to as Indonesia Meiling) is a subsidiary established in Indonesia and jointly invested by Zhongshan Changhong and Sichuan Changhong in 2016, the company's registered capital is 6 million US dollars, of which Zhongshan Changhong subscribed and paid 5.88 million US dollars in cash, accounting for 98% of the registered capital, Changhong Air Conditioning subscribed and paid 120,000 US dollars in cash, accounting for 2% of the registered capital. On 4 July 2017, rests of the 2.94 million US dollars are subscribed by Zhongshan Changhong in line with the agreement.

11) Changhong Ruba Trading Company (Private) Limited (hereinafter referred to as Changhong Ruba) was a joint venture established by Zhongshan Changhong Appliances Company Limited and RUBA GENERAL TRADING FZE Company

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

12) Sichuan Changhong Air Conditioning Co., Ltd. (hereinafter referred to as Changhong Air Conditioner), a limited liability company jointly set up by Sichuan Changhong and Changhong Chuangtou, was founded on November 28, 2008. Its registered capital was 200 million yuan upon establishment, of which, Sichuan Changhong invested 298 million yuan ( 210,088,900 yuan invested by monetary capital while 87,911,100 yuan invested by real material), equivalent to 198 million yuan shares, accounting for 99% of the registered capital; and Changhong Chuangtou invested 3 million yuan, accounting for 1% of the registered capital with equivalent of 2 million yuan shares. The registered capital receipt was verified by the verification report [CGYYZ (2008) No. 177] of Sichuan Guang yuan Certified Public Accountants Co., Ltd. and [HLTHYZ (2008) No. 12-006] of Sichuan Henglitai Certified Public Accountants Co., Ltd. In December 2009, the Company obtained 100% equity of Changhong Air-conditioner by consolidated under the same control. In 2017, the Company increased capital of 650 million yuan to Changhong Air Conditioner, after capital increased, registered capital of Sichuan Changhong comes to 850 million yuan from 200 million yuan, shareholding still counted as 100%.

13) Zhongshan Changhong Electric Co., LTD (hereinafter referred to as Zhongshan Changhong), was the original Guangdong Changhong Electric Co., Ltd., and is a limited liability company jointly set up by Sichuan Changhong and China Minmetals on May 22, 2001. Its registered capital was RMB 80 million upon establishment, of which, Sichuan Changhong invested 72 million yuan, including 69.3 million yuan bidding for the estate/non-estate from original Zhongshan Sanrong Air-conditioner Co., Ltd. And its patent use-right of 2.7 million yuan, accounting for 90% of the registered capital; China Minmetals invested 8 million yuan in monetary capital accounting 10% of the registered capital. The Company changed its name originally from Guangdong Changhong Electric Co., Ltd in July 2003. In December 2009, the Company obtained 90% equity of Zhongshan Changhong by consolidated under same control. 10% equity held by China Minmetals has been transferred by Changhong Air-conditioner on April 11, 2010. On 25 May 2014, the Company increased 36 million yuan to Zhongshan Changhong, and Changhong AC increased 4 million yuan. In 2016, according to the overseas development strategy of the Company and the development and operation needs of the subsidiaries, the Company and the wholly-owned subsidiary Changhong Air Conditioning have increased capital of 64 million yuan to Zhongshan Changhong according to the existing shareholding ratio, among which the capital increase of the Company was 57.6 million yuan, and the capital increase of Changhong Air Conditioning was 6.4 million yuan. After the completion of this capital increase, the registered capital Zhongshan Changhong shall increase to 184 million yuan, the shareholding ratio of the company and Changhong Air Conditioning remained unchanged and was still 90% and 10%, of which the Company invested 165.6 million yuan, accounting for 90% of the registered capital, Changhong Air Conditioning invested 18.4 million yuan, accounting for 10% of the registered capital. In March 2020, in accordance with the Company's overseas development strategy and the operation and development needs of its subsidiaries, the Company

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and its wholly-owned subsidiary Changhong Air Conditioning increased capital of 150 million yuan to Zhongshan Changhong according to the existing shareholding ratios, of which the Company increased capital of 135 million yuan, Changhong Air-Conditioning increased capital of 15 million yuan. After the completion of capital increase, the registered capital of Zhongshan Changhong has increased to 334 million yuan. The Company's and Changhong's shareholding ratios in Zhongshan Changhong remain unchanged at 90% and 10%, of which the Company funded 300.6 million yuan, accounting for 90% of the registered capital, while Changhong Air Conditioning funded 33.4 million yuan, accounting for 10% of the registered capital.

14) Hefei Meiling Group Holdings Limited (hereinafter referred to as Meiling Group), was the state-owned company originally approved by People's Government of Hefei Province and established authorized by SASAC of Hefei City. On July 14, 2008, 100% state-owned equity of Meiling Group has freely transferred to Xingtai Holding by Hefei SASAC. Agreement by the approval of < State-owned property agreement transfer from Meiling Group > [ HGZCQ (2010) No.34] of Hefei SASAC on April 9, 2010, 100% state-owned property of Meiling Group after partial assets and liabilities separated transferred to the Company from Xingtai Holding as amount of 113.2 million yuan. The re-registration of industrial and commercial procedure for Meiling Group after separated partial assets liability has finished on July 28, 2010. The new Meiling Group has register capital of 80 million yuan, and has been verified by the [AD (2010) YZD No. 016] from Anhui Auding CPAs Co., Ltd.

15) Meiling EquatorHousehold Appliance (Hefei) Co., Ltd. (hereinafter referred to as EquatorHousehold Appliance) was the Sino-foreign joint venture jointly set up by original Meiling Group and EQUATOR INVESTMENTS (USA) INC. (EQUATOR for short), which have been approved by the [SWZWFZZ(2004) No.0103] of Approval Certificate of Foreign Enterprise from People's Government of Anhui Province. Its registered capital was US\$ 3 million upon establishment, of which, Sino company invested US\$ 2.25 million in machinery equipment, accounting 75% of the registered capital while foreign company invested US\$ 0.5 million in monetary capital and US\$ 0.25 million in intangible assets, amounting to US\$0.75 million, accounting 25% of the registered capital. The above mentioned investment verified by the verification report of [WYAYZ (2004) No. 135] from Anhui Yongan CPAs Co., Ltd. In July 2007, approved by [HWJ (2007) No.136] from Foreign Trade Economic Cooperation Bureau of Hefei City, 25% equity held by EQUATOR transferred to Anhui Meiling Electric Co., Ltd. Totally. The Company's register capital came into 24,793,200 yuan after transference, and was not the joint-venture any more. 25% equity owned by Anhui Meiling Electric Co., Ltd has been transferred totally to original Meiling Group in July 2009.

16) Hefei Equator Appliance Co., Ltd. (hereinafter referred to as Equator Appliance) was jointly set up by original Meiling Group and Yingkaite Appliance on September 26, 2007. Its register capital was 12 million yuan, among which, original Meiling Group invested 8,670,600 yuan in monetary capital, accounting 72.255% in registered capital; Equator Appliance invested 3,329,400 yuan in the assessment value of intangible assets (land-use right), accounting 27.745% of total registered capital. The investment being verified by [WYAZ (2004) No. 135] from Anhui Yongan CPAs Co., Ltd.

17) Hong Yuan Ground Energy Heat Pump Technology Co., Ltd. (hereinafter referred to as Hong Yuan Ground Energy) was established on 28 August 2015, it is a limited liability company authorized by Administration for Industry and Commerce of Peicheng District, Mianyang, Sichuan, contributed by Sichuan Changhong Air Conditioner Co., Ltd (hereinafter referred to as Changhong Air Conditioner) and Hengyou yuan Technology Development Group Co., Ltd. together. Registered capital amounted as 50 million yuan, including 25.5 million yuan contributed by Changhong Air Conditioner in cash, a 51% in total registered capital; Hengyou yuan Technology Development Group Co., Ltd. invested

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24.5 million yuan in cash, a 49% in registered capital.

18) Hong Yuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd. (hereinafter referred to as Hong Yuan Zhongshan) was established and invested on 18 July 2017 with registered capital of 15 million yuan, The Hong Yuan Ground Energy Heat Pump Tech. Co., Ltd contributed 1.5 million yuan with own funds and takes 100% in the registered capital. In 2018, the shareholders of the Hong Yuan Zhongshan decided to increase capital of 30 million yuan, and contributed by the shareholder Hong Yuan Ground Energy; thus registered capital of Hong Yuan Zhongshan up to 45 million yuan

19) 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.

20) 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

21) Hebei Hongmao Household Appliance Technology Co., Ltd (hereinafter referred to as Hebei Hongmao) was established on 21 July 2017 with registered capital of 5 million yuan. Changhong Ridian invested 5 million yuan by own fund and takes 100% in registered capital.

22) Anhui Tuoxing Technology Co., Ltd. (hereinafter referred to as Tuoxing Technology) was established on 20 May 2019 with registered capital of 10 million yuan and it is the subsidiary of Zhongke Meiling with fully-owned establishment. As of June 30, 2021, actually 5 million yuan contributed.

23) CH-Meiling International (Philippines) Inc. was established on 13 February 2020 in Philippines with registered capital of US\$ 1,000,000, takes 100% of the equity. As of June 30, 2021, the Company has invested US\$ 1,000,000,

24) Hefei Changhong Meiling Life Electric Co., Ltd was established on 24 December 2020, jointly established by the Company and Ningbo Hongling Enterprise Management Partnership (Limited Partnership). the Company contributed 35 million yuan, representing 70% of the equity while 15 million yuan invested by Ningbo Hongling Enterprise Management Partnership (Limited Partnership), a 30% takes in the equity. The paid-in capital contribution from the Company and Ningbo Hongling Enterprise Management Partnership (Limited Partnership) has been completed on January 21, 2021 and on January 18, 2021 respectively.

25) Anhui Ling'an Medical Equipment Co., Ltd. (hereinafter referred to as Ling'an Medical) was established on 4 September 2021, which is a wholly-owned subsidiary of Zhongke Meiling, and registered capital of 10 million yuan. On June 29, 2021, Zhongke Meiling actually contributed 10 million yuan, accounting for 100% of the registered capital.

### (2) Major non-wholly-owned subsidiary

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

Subsidiary	Shareholding ratio of minority	Gains/losses attributable to minority in Current Period	Dividend distributed to minority announced in Current Period	Balance of minority's interest at period-end
Zhongke Meiling	36.7317%	12,847,677.86	21,318,560.00	82,651,413.42
Ground Energy	49.00%	-2,799,196.80		18,254,403.84
Ridian Technology	0.9639%	17,674.12		1,336,747.61
Meiling Life Appliances	30.00%	2,626,607.19		26,736,159.74

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

Subsidiary	Ending balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Zhongke Meiling	304,506,787.02	155,860,330.99	460,367,118.01	218,415,104.39	16,938,268.93	235,353,373.32
Ground Energy	139,050,914.69	21,187,129.74	160,238,044.43	122,730,504.51	253,654.54	122,984,159.05
Ridian Technology	242,076,461.93	44,379,277.31	286,455,739.24	147,021,172.76	747,001.92	147,768,174.68
Meiling Life Appliances	484,426,059.03	302,642.82	484,728,701.85	395,608,169.40		395,608,169.40

(Continued)

Subsidiary	Opening balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Zhongke Meiling	371,876,985.25	153,246,440.33	525,123,425.58	260,324,038.65	16,724,150.21	277,048,188.86
Ground Energy	167,092,910.84	23,932,195.59	191,025,106.43	147,765,923.82	292,650.70	148,058,574.52
Ridian Technology	256,926,013.09	46,283,555.98	303,209,569.07	165,637,349.70	718,345.11	166,355,694.81
Meiling Life Appliances	421,039,031.17	169,482.39	421,208,513.56	340,843,338.42		340,843,338.42

(Continued)

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

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

From 1 January 2022 to 30 June 2022

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

(Continued)

Subsidiary	Last Period			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongke Meiling	271,384,729.79	51,828,122.35	51,828,122.35	44,525,447.06
Ground Energy	49,226,548.73	-10,132,057.22	-10,132,057.22	-57,732,313.13
Ridian Technology	152,108,811.31	-2,059,812.01	-2,059,812.01	-206,486,307.38
Meiling Life Appliances	486,144,189.56	17,370,883.75	17,370,883.75	61,431,363.80

(4) Major limitation on using enterprise group's assets and liquidate debts of enterprise group: nil

(5) Offering financial supporting or other supports for structured entity that included in consolidation statement scope: nil

2. Changes of owner' equity shares in subsidiary and its impacts: nil

3. Equity in joint venture or associate enterprise

(1) Major joint venture or associate enterprise

Joint venture or associate enterprise	Main office place	Register place	Business nature	Shareholding ratio (%)		Accounting treatment for investment of joint venture or associate enterprise
				Directly	Indirectly	
<b>Associated companies :</b>						
1.Changhong Ruba Electric Company (Private)Ltd.	Lahore, Pakistan	Lahore	Manufacturing and sales		40.00	Equity
2.Hefei Xingmei Assets Management Co., Ltd.	Hefei	Hefei	Rental, agency	48.28		Equity
3.Sichuan Zhiyijia Network Technology Co., Ltd.	Mianyang	Mianyang	Sales	50.00		Equity
4.Hong Yuan Ground Energy Heat Tech. Co., Ltd	Mianyang	Mianyang	R & D, sales, after-sales		49.00	Equity
5.Sichuan Tianyou Guigu Technology Co., Ltd	Mianyang	Mianyang	Manufacturing and 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



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

From 1 January 2022 to 30 June 2022

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

Item	Ending balance/Current Period					
	Changhong Ruba Electric Company(Private)Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hong Yuan Ground Energy Heat Tech. Co., Ltd	Sichuan Tianyou Guigu Technology Co., Ltd	Chengdu Guigu Environmental Tech. Co., Ltd
Current assets	115,822,999.43	44,689,824.37	4,539,911,822.65	39,312,447.05	13,512,755.81	44,124,500.11
Including: cash and cash equivalent	7,300,923.91	20,072,152.50	2,377,264,858.26	26,568.04	5,633,698.08	19,283,218.08
Non-current assets	34,151,444.94		6,357,713.73	7,486,157.09	12,352.49	1,322,469.48
Total assets	149,974,444.37	44,689,824.37	4,546,269,536.38	46,798,604.14	13,525,108.30	45,446,969.59
Current liability	177,107,936.27	4,399,289.56	4,453,320,440.26	5,694,974.02	1,350,530.81	10,727,625.88
Non-current liability			1,372,236.18			2,696,009.39
Total liabilities	177,107,936.27	4,399,289.56	4,454,692,676.44	5,694,974.02	1,350,530.81	13,423,635.27
Minority's interest						1,100,054.64
Equity attributable to shareholder of parent company	-27,133,491.90	40,290,534.81	91,576,859.94	41,103,630.12	12,174,577.49	30,923,279.68
Share of net assets measured by shareholding	-10,853,396.76	19,452,270.21	45,788,429.97	20,140,778.76	3,043,644.37	7,730,819.92
Adjustment						
--Goodwill			821,877.28			1,416,227.93
Unrealized profit of the internal downstream transactions			9,392,876.21	80,105.51		5,418.64
Unrealized profit of the internal upstream transactions						
Other	10,853,396.76					
Book value of the equity investment for associate enterprise		19,452,270.21	37,217,431.04	20,060,673.25	3,043,644.37	9,141,629.21
Fair value of equity investment for the affiliates with consideration publicly						
Operation income	114,113,833.32	-	5,469,059,501.77	94,133.06	3,778,843.34	24,509,987.79
Financial expenses	70,820.09	-27,341.72	-22,176,910.19	267.75	-57,394.00	-289,738.80
Income tax expenses	1,215,849.99	3,252,674.65	554,942.41			
Net profit	-14,180,304.24	9,758,023.96	1,646,585.39	-1,163,205.15	260,813.27	123,763.39
Other comprehensive income	2,115,738.30					
Total comprehensive income	-12,064,565.94	9,758,023.96	1,646,585.39	-1,163,205.15	260,813.27	123,763.39
Dividend received		5,069,400.00				

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

From 1 January 2022 to 30 June 2022

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

Item	Ending balance/Current Period					
	Changhong Ruba Electric Company(Private)Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hong Yuan Ground Energy Heat Tech. Co., Ltd	Sichuan Tianyou Guigu Technology Co., Ltd	Chengdu Guigu Environmental Tech. Co., Ltd
from associate enterprise in Current Period						

(Continued)

Item	Opening balance/Last Period					
	Changhong Ruba Electric Company(Private)Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hong Yuan Ground Energy Heat Tech. Co., Ltd	Sichuan Tianyou Guigu Technology Co., Ltd	Chengdu Guigu Environmental Tech. Co., Ltd
Current assets	89,100,592.52	44,306,769.36	3,562,320,255.30	39,551,631.60	12,815,224.66	49,157,432.66
Including: cash and cash equivalent	3,601,992.73	15,092,065.72	1,735,103,036.41	41,161.98	6,480,537.53	28,252,926.12
Non-current assets	37,062,073.18	2,831,773.02	7,359,768.31	8,286,398.47	12,352.49	1,325,807.70
Total assets	126,162,665.70	47,138,542.38	3,569,680,023.61	47,838,030.07	12,827,577.15	50,483,240.36
Current liability	141,231,591.66	6,054,518.27	3,478,330,845.92	5,571,194.80	913,812.93	16,058,351.93
Non-current liability			1,418,903.14			2,525,317.50
Total liabilities	141,231,591.66	6,054,518.27	3,479,749,749.06	5,571,194.80	913,812.93	18,583,669.43
Minority's interest						1,102,582.39
Equity attributable to shareholder of parent company	-15,068,925.96	41,084,024.11	89,930,274.55	42,266,835.27	11,913,764.22	30,796,988.54
Share of net assets measured by shareholding	-6,027,570.38	19,835,366.84	44,965,137.28	20,710,749.28	2,978,441.06	7,699,247.14
Adjustment						
--Goodwill			821,877.28			1,416,227.93
Unrealized profit of the internal downstream transactions			11,702,988.94	80,635.11	4,252.12	7,510.11
Unrealized profit of the internal upstream transactions						
Other	6,027,570.38					
Book value of the equity investment for associate enterprise		19,835,366.84	34,084,025.62	20,630,114.17	2,974,188.94	9,107,964.96
Fair value of equity investment for the affiliates with consideration publicly						

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

Item	Opening balance/Last Period					
	Changhong Ruba Electric Company(Private)Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hong Yuan Ground Energy Heat Tech. Co., Ltd	Sichuan Tianyou Guigu Technology Co., Ltd	Chengdu Guigu Environmental Tech. Co., Ltd
Operation income	129,037,750.98		5,593,676,163.39	1,673,087.14	718,023.89	7,596,668.97
Financial expenses	387,772.68	236,147.00	-33,239,098.14	338.80	-59,414.10	-51,562.20
Income tax expenses	1,709,882.92		147,397.82			
Net profit	7,290,919.13	-967,324.02	-27,599,431.03	-1,875,733.81	-226,371.54	-1,079,748.77
Net profit of discontinuing operation						
Other comprehensive income	-148,798.81					
Total comprehensive income	7,142,120.32	-967,324.02	-27,599,431.03	-1,875,733.81	-226,371.54	-1,079,748.77
Dividend received from associate enterprise in Current Period						

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

Item	Ending balance/Current Period	Opening balance/Last Period
<b>Associated companies :</b>		
Total book value of investment		
Total amount measured by shareholding ratio		
--Net profit		-129,133.66
--Other comprehensive income		
-- Total comprehensive income		-129,133.66

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

(6) Excess loss occurred in joint venture or affiliates

Hefei Meiling Solar Energy Technology Co., Ltd and Changhong Ruba Electric Company (Private) Ltd. have losses above the quota.

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

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

4. Major conduct joint operation: Nil

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5. Structured body excluding in consolidate financial statement: Nil

### IX. Relevant risks related with financial instrument

The major financial instruments of the Company include borrowings, account receivables, account payable, Trading financial assets, Trading financial liability, the details of which are set out in Note VI. Risks related to these financial instruments include exchange risks and interest rate risks. The management of the Company controls and monitors the risk exposures to ensure the above risks are under control.

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 contracts at fixed and floating rates based on the prevailing market conditions. As of 30 June 2022, the interest-bearing debts mainly referred to borrowing contracts at floating rate denominated in RMB with total amount of 1,077,040,918.37 yuan, the floating rate loan contract measured by RMB amounted as 188,000,000.00 yuan in total; Risks relating to change of fair value of financial instruments arising from movement of interest rate mainly related to bank borrowings at fixed rate. As for borrowings at fixed rate, the Company aims to keep its floating rate. Risks relating to change of cash flow of financial instruments arising from movement of interest rate mainly related to bank borrowings at floating rate. The Company establishes its policy to keep floating rate for these borrowings so as to eliminate fair value risk arising from movement of interest rate.

### X. Fair value disclosure

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

Item	Fair value at period-end			
	1 <sup>st</sup> level	2 <sup>nd</sup> level	3 <sup>rd</sup> level	Total
<b>I. Continuous fair value measurement</b>	—	—	—	—
(i) Trading financial assets	47,475,394.08	160,709,401.15		208,184,795.23
1. Financial assets measured at fair value and whose changes are included in	47,475,394.08	160,709,401.15		208,184,795.23

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Item	Fair value at period-end			
	1 <sup>st</sup> level	2 <sup>nd</sup> level	3 <sup>rd</sup> level	Total
current gains/losses				
Including: Derivative financial assets	47,475,394.08			47,475,394.08
Principal and Interest of Wealth Management Products		160,709,401.15		160,709,401.15
(ii) Other non-current financial assets		38,239,153.07	537,961,488.43	576,200,641.50
(iii) Receivables financing			1,380,100,294.09	1,380,100,294.09
<b>Total assets continuously measured at fair value</b>	<b>47,475,394.08</b>	<b>198,948,554.22</b>	<b>1,918,061,782.52</b>	<b>2,164,485,730.82</b>
(iv) Trading financial liability	38,929,244.41			38,929,244.41
1. Financial liabilities measured by fair value and with variation reckoned into current gains/losses	38,929,244.41			38,929,244.41
Including: Derivative financial liability	38,929,244.41			38,929,244.41
<b>Total liabilities continuously measured at fair value</b>	<b>38,929,244.41</b>			<b>38,929,244.41</b>

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

The company's fair value measurement items are futures contracts and foreign exchange options. The market price of futures contracts is determined based on the closing price of the futures contract at the end of the period; the market price of foreign exchange options is determined based on the quotation of contract products of the foreign exchange options at the end of the period.

3. Qualitative and quantitative information on the valuation techniques used and important parameters for continuous and non-continuous second-level fair value measurement items

The fair value measurement items are long-term investments in the fund company. For long-term investments in fund companies, the assessed book value can represent the best estimate of fair value within the scope.

4. Qualitative and quantitative information on the valuation techniques used and important parameters for continuous and non-continuous third-level fair value measurement items

The items with fair value measurement refer to the investment of Sichuan Changhong Group Finance Co., Ltd and Huishang Bank Co., Ltd. As the unlisted equity instrument, the fair value are estimated using a range of valuation models, the assumptions used are not supported by observable

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

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market prices or interest rates. We believes that the fair value and their changes estimated by valuation techniques are reasonable and are the most appropriate values at the balance sheet date.

### XI. Related parties and related transaction

#### (I) Relationship of related parties

##### 1. Controlling shareholder and ultimate controller

###### (1) Controlling shareholder and ultimate controller

Controlling shareholder and ultimate controller	Registration place	Business nature	Registered capital	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	27.36%	27.36%

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

###### (2) Register capital and change thereof of controlling shareholder

Controlling shareholder	Opening balance	Increase this period	Decrease this period	Ending balance
Sichuan Changhong Electric Co., Ltd.	4,616,244,222.00			4,616,244,222.00

###### (3) Shares held by the controlling shareholder and its changes on equity

Controlling shareholder	Amount of shares held		Shareholding ratio	
	Ending balance	Opening balance	Ratio at period-end	Ratio at period-beginning
Sichuan Changhong Electric Co., Ltd.	281,832,434.00	281,832,434.00	27.36%	26.98%

##### 2. Subsidiary

Found more in Note “VIII. 1 (1) Enterprise group composition”

##### 3. Joint venture and associated enterprise

Major Joint venture and associated enterprise of the Company found more in Note “VIII. 3 (1) major joint venture and associated enterprise”. Other Joint venture and associated enterprise that have related transactions occurred with the Company in Current Period or occurred in last period, and with balance results:

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

Joint venture and associated enterprise	Relationship with the company
Hefei Xinmeitai Energy Tech. Co., Ltd.	Associated enterprise of subsidiary Meiling Group
Changhong Ruba Electric Company(Private)Ltd	Associated enterprise of subsidiary Zhongshan Changhong
Hefei Xingmei Assets Management Co., Ltd.	Associated enterprise of the Company
Sichuan Zhiyijia Network Technology Co., Ltd.	Associated enterprise of the Company, has the same controlling shareholder and actual control of the Company
Hong Yuan Ground Energy Heat Tech. Co., Ltd	Associated enterprise of subsidiary Changhong Air-conditioner
Sichuan Tianyou Guigu Technology Co., Ltd	Associated enterprise of subsidiary Changhong Air-conditioner
Chengdu Guigu Environmental Tech. Co., Ltd	Associated enterprise of subsidiary Changhong Air-conditioner

### 4. Other related party

Other related party	Relationship with the company
Hefei Changhong New Energy Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jijia Fine Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Minsheng Logistics Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Moulding Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Zhongshan Guanghong Moulding Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Changhong Huayi Compressor Co., Ltd.	Control by same controlling shareholder and ultimate controller
Changhong Grand-Pro 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
PT.CHANGHONG ELECTRIC INDONESIA	Control by same controlling shareholder and ultimate controller
CHANGHONG (HK) TRADING LIMITED	Control by same controlling shareholder and ultimate controller
CHANGHONG.ELECTRIC.(AUSTRALIA) PTY.LTD.	Control by same controlling shareholder and ultimate controller
CHANGHONG ELECTRIC MIDDLE EAST FZCO	Control by same controlling shareholder and ultimate controller
Changhong Europe Electric s.r.o	Control by same controlling shareholder and ultimate controller
Orion.PDP.Co.,Ltd	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Device Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Electronic Products Co., Ltd.	Control by same controlling shareholder and ultimate controller
Chengdu Changhong Electronic Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Lejiayi Chain Management Co., Ltd.	Control by same controlling shareholder and ultimate controller
Mianyang Lejiayi Commercial Chain Co., Ltd.	Control by same controlling shareholder and ultimate controller

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Other related party	Relationship with the company
Sichuan Hongwei Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Real Estate Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong New Energy Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Hefei Changhong Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Changhong International Holdings (Hong Kong) Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guangdong Changhong Electronics Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Package Printing Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jineng Sunshine Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Power Source Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongxin Software Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Network Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guangyuan Changhong Electronic Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Yuanxin Financial Lease Co., Ltd.	Control by same controlling shareholder and ultimate controller
081 Electronic Group Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong International Hotel Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong International Travel Service Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Aichuang Science & Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Property Service Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Huanyu Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Jiahong Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Ailink 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 Huafeng Enterprise Group Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Group Finance Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Aoku Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Ansify Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guang yuan Hongcheng Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Mianyang Science & Technology City Big Data Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongcheng Construction Engineering Co., Ltd	Control by same controlling shareholder and ultimate controller



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Other related party	Relationship with the company
Sichuan Changhong Jiechuang Lithium Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Qiruik Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongmofang Network Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Intelligent Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Baiku Technology Co., Ltd.	Associated enterprise of other enterprise that have the same controlling shareholder
Sichuan Hongyu Metal Manufacturing Co., Ltd.	Associated enterprise of other enterprise that have the same controlling shareholder
Sichuan Hongran Green Energy Co., Ltd.	Associated enterprise of controlling shareholder
Sichuan Changxin Refrigeration Parts Co., Ltd.	Associated enterprise of controlling shareholder
Mianyang Highly Electric Co., Ltd.	Associated enterprise of controlling shareholder

### (ii) Related transactions

#### 1. Purchasing commodity

Related party	Content	Current Period (in 10 thousand Yuan)	Last Period (in 10 thousand Yuan)
Sichuan Changhong Moulding Tech. Co., Ltd.	Purchasing commodity	42,116.85	47,151.73
Sichuan Changxin Refrigeration Parts Co., Ltd.	Purchasing commodity	31,020.99	29,722.49
Sichuan Changhong Jijia Fine Co., Ltd.	Purchasing commodity	24,772.90	24,414.33
Sichuan Changhong Electric Co., Ltd.	Purchasing commodity	20,658.40	31,287.06
Changhong Huayi Compressor Co., Ltd.	Purchasing commodity	19,297.58	25,353.49
Sichuan Changhong Package Printing Co., Ltd.	Purchasing commodity	7,365.41	6,913.07
Changhong Ruba Electric Company (Private) Ltd.	Purchasing commodity	5,950.36	4,715.18
Sichuan Aichuang Science & Technology Co., Ltd.	Purchasing commodity	5,142.93	5,848.84
Mianyang Highly Electric Co., Ltd.	Purchasing commodity	4,722.10	18,284.13
Sichuan Changhong Electronic Products Co., Ltd.	Purchasing commodity	1,608.43	1,797.64
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Purchasing commodity	1,157.30	1,291.84
Sichuan Changhong Device Technology Co., Ltd.	Purchasing commodity	506.18	
Sichuan Ailink Technology Co., Ltd.	Purchasing commodity	460.43	1,934.07
Hefei Changhong Industrial Co., Ltd.	Purchasing commodity	279.42	293.88
Guangdong Changhong Electronics Co., Ltd.	Purchasing commodity	230.87	254.71
Changhong International Holdings (Hong Kong) Co., Ltd.	Purchasing commodity	202.84	672.2
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing commodity	178.81	625.8

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

From 1 January 2022 to 30 June 2022

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

Related party	Content	Current Period (in 10 thousand Yuan)	Last Period (in 10 thousand Yuan)
Sichuan Changhong New Energy Technology Co., Ltd.	Purchasing commodity	1.91	0.96
Sichuan Aoku Technology Co., Ltd.	Purchasing commodity	1.82	
Sichuan Changhong International Hotel Co., Ltd.	Purchasing commodity	1.17	
Zhongshan Guanghong Moulding Tech. Co., Ltd.	Purchasing commodity		77.26
Hunan Grand-Pro Intelligent Tech. Company	Purchasing commodity		75.66
081 Electronic Group Co., Ltd.	Purchasing commodity		4.95
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchasing commodity		1.77
Chengdu Guigu Environmental Tech. Co., Ltd	Purchasing commodity		0.18
<b>Total</b>		<b>165,676.70</b>	<b>200,721.24</b>

2. Accept the services

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

From 1 January 2022 to 30 June 2022

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

Related party	Content	Current Period	Last Period
Sichuan Changhong Minsheng Logistics Co., Ltd.	Accept the services	305,201,100.86	224,557,352.50
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Accept the services	109,136,334.24	93,499,148.00
Sichuan Changhong Moulding Tech. Co., Ltd.	Accept the services	11,317,706.85	66,728.31
Sichuan Changxin Refrigeration Parts Co., Ltd.	Accept the services	7,029,331.97	
Sichuan Changhong Jijia Fine Co., Ltd.	Accept the services	6,655,258.49	
Sichuan Qiruk Technology Co., Ltd.	Accept the services	5,330,162.67	
Sichuan Jiahong Industrial Co., Ltd.	Accept the services	3,427,635.77	2,219,124.89
Sichuan Hongxin Software Co., Ltd.	Accept the services	2,962,845.28	627,830.20
Sichuan Changhong Electric Co., Ltd.	Accept the services	1,638,694.39	1,848,713.48
Sichuan Changhong Electronics Holding Group Co., Ltd.	Accept the services	385,868.01	410,018.80
Guangdong Changhong Electronics Co., Ltd.	Accept the services	188,394.36	381,270.76
Chengdu Guigu Environmental Tech. Co., Ltd.	Accept the services	122,389.38	
Sichuan Zhiyijia Network Technology Co., Ltd.	Accept the services	103,710.82	36,917.82
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Accept the services	73,130.53	637,456.72
Sichuan Changhong Property Service Co., Ltd.	Accept the services	54,068.60	1,256,815.72
Sichuan Changhong International Hotel Co., Ltd.	Accept the services	36,610.36	14,824.98
Changhong International Holdings (Hong Kong) Co., Ltd.	Accept the services		2,433,372.32
Sichuan Hongwei Technology Co., Ltd.	Accept the services		1,630,024.98
Sichuan Changhong International Travel Service Co., Ltd.	Accept the services		231,756.12
Sichuan Changhong Electronic Products Co., Ltd.	Accept the services		124,574.71
Sichuan Aichuang Science & Technology Co., Ltd.	Accept the services		13,211.15
<b>Total</b>		<b>453,663,242.58</b>	<b>329,989,141.46</b>

### 3. Purchase fuel and power

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

From 1 January 2022 to 30 June 2022

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

Related party	Content	Current Period	Last Period
Sichuan Changhong Electric Co., Ltd.	Accept fuel power	13,321,804.51	10,484,815.16
Hefei Changhong Industrial Co., Ltd.	Accept fuel power	580,338.87	
Sichuan Hongran Green Energy Co., Ltd.	Accept fuel power	537,960.95	572,392.86
Guangdong Changhong Electronics Co., Ltd.	Accept fuel power	285,882.21	520,124.75
Hefei Changhong New Energy Technology Co., Ltd.	Accept fuel power	163,503.46	172,184.57
Changhong Huayi Compressor Co., Ltd.	Accept fuel power	106,975.22	202,230.10
Sichuan Changhong Property Service Co., Ltd.	Accept fuel power	13,468.50	12,564.80
<b>Total</b>		<b>15,009,933.72</b>	<b>11,964,312.24</b>

### 4. Sales of goods

Related party	Content	Current Period	Last Period
		(in 10 thousand Yuan)	(in 10 thousand Yuan)
Sichuan Zhiyijia Network Technology Co., Ltd.	Sales of goods	343,787.59	328,665.84
CHANGHONG(HK)TRADINGLIMITED	Sales of goods	17,413.91	13,687.72
Changhong International Holdings (Hong Kong) Co., Ltd.	Sales of goods	8,390.66	10,567.62
CHANGHONGELECTRIC(AUSTRALIA)PTY.LTD	Sales of goods	7,001.05	5,310.94
Orion.PDP.Co.,Ltd	Sales of goods	2,814.00	1,985.69
Changhong Ruba Electric Company (Private) Ltd.	Sales of goods	1,028.84	2,356.10
CHANGHONG ELECTRIC MIDDLE EAST FZCO	Sales of goods	446.27	143.65
Changhong Europe Electric s.r.o	Sales of goods	305.51	5,608.18
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Sales of goods	302.53	293.76
Lejiayi Chain Management Co., Ltd.	Sales of goods	104.10	18.04
Sichuan Tianyou Guigu Technology Co., Ltd	Sales of goods	69.49	50.64
Sichuan Baiku Technology Co., Ltd	Sales of goods	62.74	
Sichuan Changhong Moulding Tech. Co., Ltd.	Sales of goods	43.19	13,068.52
Sichuan Huafeng Enterprise Group Co., Ltd.	Sales of goods	35.31	
Sichuan Changhong Electric Co., Ltd.	Sales of goods	23.92	318.89
Sichuan Aoku Technology Co., Ltd.	Sales of goods	23.01	
Chengdu Guigu Environmental Tech. Co., Ltd	Sales of goods	14.17	41.36
Sichuan Changhong Minsheng Logistics Co., Ltd.	Sales of goods	13.97	9.73
Guangyuan Changhong Electronic Technology Co., Ltd.	Sales of goods	13.79	8.07

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

From 1 January 2022 to 30 June 2022

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

Related party	Content	Current Period (in 10 thousand Yuan)	Last Period (in 10 thousand Yuan)
Sichuan Changhong Real Estate Co., Ltd.	Sales of goods	9.72	1.96
Changhong Huayi Compressor Co., Ltd.	Sales of goods	7.26	
Hong Yuan Ground Energy Heat Tech. Co., Ltd.	Sales of goods	5.10	202.96
Sichuan Aichuang Science & Technology Co., Ltd.	Sales of goods	2.19	16.47
Guangdong Changhong Electronics Co., Ltd.	Sales of goods	1.99	10.62
Sichuan Changhong Device Technology Co., Ltd.	Sales of goods	0.11	0.08
Hunan Grand-Pro Intelligent Tech. Company	Sales of goods	0.05	
Sichuan Changxin Refrigeration Parts Co., Ltd.	Sales of goods		8,177.09
Sichuan Changhong Jijia Fine Co., Ltd.	Sales of goods		3,677.37
PT.CHANGHONGELECTRICINDONESIA	Sales of goods		27.8
Mianyang Lejjayi Commercial Chain Co., Ltd.	Sales of goods		9.25
Hefei Changhong Industrial Co., Ltd.	Sales of goods		7.89
081 Electronic Group Co., Ltd.	Sales of goods		0.08
<b>Total</b>		<b>381,920.47</b>	<b>394,266.32</b>

### 5. Provide the services

Related party	Content	Current Period	Last Period
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Provide the services	1,172,476.55	
Sichuan Huafeng Enterprise Group Co., Ltd.	Provide the services	366,055.05	13,205.66
Changhong Huayi Compressor Co., Ltd.	Provide the services	355,407.86	
Sichuan Changxin Refrigeration Parts Co., Ltd.	Provide the services	229,524.66	
Sichuan Changhong Minsheng Logistics Co., Ltd.	Provide the services	174,099.76	189,986.96
Sichuan Aoku Technology Co., Ltd.	Provide the services	156,191.31	
Sichuan Changhong Moulding Tech. Co., Ltd.	Provide the services	133,161.41	87,808.26
Yuanxin Financial Lease Co., Ltd.	Provide the services	95,673.53	
Sichuan Changhong Property Service Co., Ltd.	Provide the services	85,797.50	
Sichuan Changhong Device Technology Co., Ltd.	Provide the services	80,064.14	
Guang yuan Hongcheng Industrial Co., Ltd.	Provide the services	45,871.56	
Sichuan Changhong Jijia Fine Co., Ltd.	Provide the services	37,577.54	94,798.00
Sichuan Changhong Jiechuang Lithium Technology Co., Ltd.	Provide the services	25,619.68	

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

From 1 January 2022 to 30 June 2022

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

Related party	Content	Current Period	Last Period
Sichuan Changhong International Hotel Co., Ltd.	Provide the services	16,528.32	
Sichuan Zhiyijia Network Technology Co., Ltd.	Provide the services	8,355.62	12,600.00
Sichuan Qiruik Technology Co., Ltd.	Provide the services	1,332.00	
Hefei Changhong Industrial Co., Ltd.	Provide the services	220.00	
Hong Yuan Ground Energy Heat Tech. Co., Ltd	Provide the services		216,981.14
Guangdong Changhong Electronics Co., Ltd.	Provide the services		116,398.34
081 Electronic Group Co., Ltd.	Provide the services		47,230.97
Sichuan Changhong Electronic Products Co., Ltd.	Provide the services		11,021.81
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Provide the services		9,433.96
Chengdu Guigu Environmental Tech. Co., Ltd	Provide the services		8,874.24
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Provide the services		6,434.91
Sichuan Hongwei Technology Co., Ltd.	Provide the services		1,440.00
Sichuan Changhong Electronics Holding Group Co., Ltd.	Provide the services		-10,800.00
Sichuan Changhong Network Technology Co., Ltd.	Provide the services		-34,142.50
Sichuan Changhong Electric Co., Ltd.	Provide the services	-326,514.20	-90,632.94
Sichuan Aichuang Science & Technology Co., Ltd.	Provide the services	-789,703.69	254,071.82
<b>Total</b>		<b>1,867,738.60</b>	<b>934,710.63</b>

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

### 6. Provide fuel power

Related party	Content	Current Period	Last Period
Sichuan Changhong Moulding Tech. Co., Ltd.	Provide fuel power	3,220,793.17	3,510,461.21
Sichuan Changhong Device Technology Co., Ltd.	Provide fuel power	152,675.30	310,921.71
Sichuan Changhong Jijia Fine Co., Ltd.	Provide fuel power	78,906.25	76,952.28
Sichuan Zhiyijia Network Technology Co., Ltd.	Provide fuel power	35,249.60	25,002.79
Changhong International Holdings	Provide fuel	29,532.75	23,176.99

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

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

Related party	Content	Current Period	Last Period
(Hong Kong) Co., Ltd.	power		
Sichuan Changhong Minsheng Logistics Co., Ltd.	Provide fuel power	21,889.33	28,024.31
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Provide fuel power	7,176.72	5,186.20
Guangdong Changhong Electronics Co., Ltd.	Provide fuel power	2,753.70	5,371.01
<b>Total</b>		<b>3,548,976.82</b>	<b>3,985,096.50</b>

### 7. Related rental

#### (1) Rent out

Lessor	Lessee	Type of assets	Leasing income in Current Period	Leasing income in Last Period
Changhong Meiling	Sichuan Changhong Moulding Tech. Co., Ltd.	Apartments, warehouses, factories	1,350,299.40	389,702.27
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	warehouse, apartment, forklift, warehouse	461,571.78	160,742.34
Changhong Meiling	Hefei Changhong Industrial Co., Ltd.	Apartments, warehouses, forklifts	303,237.74	125,585.62
Changhong Meiling	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Apartments, Offices, Forklifts	117,660.00	81,600.00
Changhong Meiling	Sichuan Changhong Minsheng Logistics Co., Ltd.	apartment, office	110,877.98	107,800.32
Changhong Meiling	Sichuan Zhiyijia Network Technology Co., Ltd.	Apartment	94,128.44	98,968.06
Changhong Meiling	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Apartment	47,700.00	21,600.00
Changhong Meiling	Sichuan Aichuang Science & Technology Co., Ltd.	Warehouse	18,759.84	18,759.84
Changhong Meiling	Sichuan Aoku Technology Co., Ltd.	Warehouse	1,618.86	
Changhong Meiling	Sichuan Ailink Technology Co., Ltd.	Warehouse	938.94	952.34
Changhong Air-conditioner	Sichuan Changhong Moulding Tech. Co., Ltd.	plant, equipment	2,542,277.65	3,634,895.46
Changhong Air-conditioner	Sichuan Changhong Jijia Fine Co., Ltd.	plant, equipment	1,766,750.99	2,458,174.33
Changhong Air-conditioner	Sichuan Changhong Electric Co., Ltd.	plant, equipment	1,511,579.46	481,457.77
Changhong Air-conditioner	Sichuan Changxin Refrigeration Parts Co., Ltd.	Equipment	126,666.66	
Changhong Air-conditioner	Chengdu Guigu Environmental Tech. Co., Ltd.	Workshop	14,201.83	28,403.67
Zhongshan Changhong	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	2# living area	42,000.00	21,000.00

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

From 1 January 2022 to 30 June 2022

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

Lessor	Lessee	Type of assets	Leasing income in Current Period	Leasing income in Last Period
Zhongshan Changhong	Sichuan Changhong Moulding Tech. Co., Ltd.	2# living area	32,400.00	22,364.52
Zhongshan Changhong	Sichuan Changhong Minsheng Logistics Co., Ltd.	Parts of the office building rent-out	22,148.58	22,148.58
Zhongshan Changhong	Guangdong Changhong Electronics Co., Ltd.	2# living area	14,221.47	22,485.99
Zhongshan Changhong	Sichuan Changhong Device Technology Co., Ltd.	2# living area		3,735.44
Jiangxi Meiling	Sichuan Changhong Moulding Tech. Co., Ltd.	Workshop	411,144.18	411,144.18
Jiangxi Meiling	Sichuan Changhong Minsheng Logistics Co., Ltd.	Warehouse Office	9,142.86	
Zhongke Meiling	Sichuan Changhong Minsheng Logistics Co., Ltd.	Workshop		783,911.94
Ridian Technology	Sichuan Changhong Device Technology Co., Ltd.	Workshop	1,087,270.81	1,087,270.76
Ridian Technology	Sichuan Qiruik Technology Co., Ltd.	Workshop	47,314.29	
Ridian Technology	Sichuan Hongwei Technology Co., Ltd.	Workshop		47,314.29
<b>Total</b>			<b>10,133,911.76</b>	<b>10,030,017.72</b>

### (2) Lessee of related parties

Lessor	Lessee	Type of assets	Leasing income in Current Period	Leasing income in Last Period
Hefei Changhong Industrial Co., Ltd.	Changhong Meiling	Workshop	893,651.95	
Sichuan Jiahong Industrial Co., Ltd.	Changhong Air-conditioner	Staff dormitory	184,147.52	
Sichuan Changhong Electric Co., Ltd.	Changhong Air-conditioner	VISA Laboratories	170,589.02	
Sichuan Changhong Electronics Holding Group Co., Ltd.	Changhong Air-conditioner	Staff dormitory, store rental	62,774.40	101,443.84
Guangdong Changhong Electronics Co., Ltd.	Ground energy heat pump	Staff dormitory	38,582.61	50,139.23
Guangdong Changhong Electronics Co., Ltd.	Zhongshan Changhong	Workshop	677,103.12	677,103.14
Sichuan Changhong Electric Co., Ltd.	Mianyang Meiling	Workshop	1,641,651.96	1,630,727.51
Sichuan Jiahong Industrial Co., Ltd.	Mianyang Meiling	Staff dormitory	9,723.82	
Sichuan Changhong Electronics Holding Group Co., Ltd.	Mianyang Meiling	Staff dormitory		4,363.60
Changhong Huayi Compressor Co., Ltd.	Jiangxi Meiling	Staff dormitory	44,310.17	
Guangdong Changhong Electronics Co., Ltd.	Ridian Technology	Staff dormitory	65,766.19	61,733.50
Chengdu Changhong Electronic Technology Co., Ltd.	Hongmei Intelligent	Office	362,977.21	
<b>Total</b>			<b>4,151,277.97</b>	<b>2,525,510.82</b>



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

From 1 January 2022 to 30 June 2022

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

### 8. Related guarantee

Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
Changhong Meiling	Meiling Group	5,000.00	2021-03-05	2022-03-05	Y
Changhong Meiling	Meiling Group	5,000.00	2022-04-18	2023-04-18	N
Changhong Meiling	Changhong air-conditioner	5,000.00	2021-09-24	2022-09-24	N
Changhong Meiling	Changhong air-conditioner	15,000.00	2021-12-07	2022-12-06	N
Changhong Meiling	Changhong air-conditioner	8,000.00	2022-03-18	2023-03-17	N
Changhong Meiling	Changhong air-conditioner	30,000.00	2022-04-18	2023-04-18	N
Changhong Meiling	Zhongshan Changhong	20,000.00	2021-04-08	2022-03-18	Y
Changhong Meiling	Zhongshan Changhong	18,000.00	2021-03-29	2022-03-29	Y
Changhong Meiling	Zhongshan Changhong	13,000.00	2021-03-03	2022-03-03	Y
Changhong Meiling	Zhongshan Changhong	10,000.00	2021-05-25	2022-05-25	Y
Changhong Meiling	Zhongshan Changhong	9,000.00	2021-03-15	2022-03-15	Y
Changhong Meiling	Zhongshan Changhong	20,000.00	2021-03-30	2022-03-30	Y
Changhong Meiling	Zhongshan Changhong	5,000.00	2021-07-22	2022-07-22	N
Changhong Meiling	Zhongshan Changhong	5,000.00	2021-08-24	2022-08-23	N
Changhong Meiling	Zhongshan Changhong	15,000.00	2021-08-09	2022-08-08	N
Changhong Meiling	Zhongshan Changhong	2,000.00	2022-02-15	2023-02-14	N
Changhong Meiling	Zhongshan Changhong	18,000.00	2022-04-22	2023-04-22	N
Changhong Meiling	Zhongshan Changhong	6,000.00	2022-03-15	2023-03-15	N
Changhong Meiling	Zhongshan Changhong	10,000.00	2022-04-22	2023-04-22	N
Changhong Meiling	Zhongshan Changhong	7,000.00	2022-03-28	2023-03-29	N
Changhong Meiling	Zhongshan Changhong	13,000.00	2022-06-16	2023-06-16	N
Changhong Meiling	Meiling Life Appliances	2,000.00	2021-07-26	2022-07-26	Y
Changhong Meiling	Meiling Life Appliances	5,000.00	2021-07-29	2022-07-28	N
Changhong Meiling	Meiling Life Appliances	5,000.00	2021-08-18	2022-08-08	N
Changhong Meiling	Meiling Life Appliances	2,000.00	2021-10-13	2022-10-12	N
Changhong Meiling	Meiling Life Appliances	4,000.00	2021-12-09	2022-11-02	N
Changhong Meiling	Meiling Life Appliances	3,000.00	2022-01-26	2023-01-26	N

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

From 1 January 2022 to 30 June 2022

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

Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
Changhong Meiling	Meiling Life Appliances	5,000.00	2022-03-21	2022-08-21	N
Changhong Meiling	Meiling Life Appliances	5,000.00	2022-03-16	2023-03-16	N
Changhong Meiling	Ridian Technology	3,000.00	2021-08-09	2022-08-08	N
Changhong Meiling	Ridian Technology	4,000.00	2021-09-16	2022-09-15	N
Changhong Meiling	Ridian Technology	3,000.00	2022-03-25	2023-03-25	N
Changhong Meiling	Ridian Technology	4,000.00	2021-03-31	2022-03-31	Y
Changhong Meiling	Zhongke Meiling	5,000.00	2021-05-24	2022-05-24	N
Changhong Meiling	Zhongke Meiling	6,000.00	2021-09-22	2022-09-22	N
Zhongke Meiling	Anhui Tuoxing	500.00	2022-06-27	2023-06-27	N
Zhongke Meiling	Anhui Tuoxing	500.00	2021-04-01	2022-04-01	Y
Changhong Meiling	Jiangxi Meiling	10,000.00	2021-07-08	2022-07-08	N
<b>Counter guarantee:</b>					
Meiling Group	Changhong Meiling	5,000.00	2021-03-05	2022-03-05	Y
Meiling Group	Changhong Meiling	5,000.00	2022-04-18	2023-04-18	N
Changhong air-conditioner	Changhong Meiling	5,000.00	2021-09-24	2022-09-24	N
Changhong air-conditioner	Changhong Meiling	15,000.00	2021-12-07	2022-12-06	N
Changhong air-conditioner	Changhong Meiling	8,000.00	2022-03-18	2023-03-17	N
Changhong air-conditioner	Changhong Meiling	30,000.00	2022-04-18	2023-04-18	N
Zhongshan Changhong	Changhong Meiling	20,000.00	2021-04-08	2022-03-18	Y
Zhongshan Changhong	Changhong Meiling	18,000.00	2021-03-29	2022-03-29	Y
Zhongshan Changhong	Changhong Meiling	13,000.00	2021-03-03	2022-03-03	Y
Zhongshan Changhong	Changhong Meiling	10,000.00	2021-05-25	2022-05-25	Y
Zhongshan Changhong	Changhong Meiling	9,000.00	2021-03-15	2022-03-15	Y
Zhongshan Changhong	Changhong Meiling	20,000.00	2021-03-30	2022-03-30	Y
Zhongshan Changhong	Changhong Meiling	5,000.00	2021-07-22	2022-07-22	N
Zhongshan Changhong	Changhong Meiling	5,000.00	2021-08-24	2022-08-23	N
Zhongshan Changhong	Changhong Meiling	15,000.00	2021-08-09	2022-08-08	N
Zhongshan Changhong	Changhong Meiling	2,000.00	2022-02-15	2023-02-14	N
Zhongshan Changhong	Changhong Meiling	18,000.00	2022-04-22	2023-04-22	N
Zhongshan Changhong	Changhong Meiling	6,000.00	2022-03-15	2023-03-15	N

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

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

Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
Zhongshan Changhong	Changhong Meiling	10,000.00	2022-04-22	2023-04-22	N
Zhongshan Changhong	Changhong Meiling	7,000.00	2022-03-28	2023-03-29	N
Zhongshan Changhong	Changhong Meiling	13,000.00	2022-06-16	2023-06-16	N
Meiling Life Appliances	Changhong Meiling	2,000.00	2021-07-26	2022-07-26	Y
Meiling Life Appliances	Changhong Meiling	5,000.00	2021-07-29	2022-07-28	N
Meiling Life Appliances	Changhong Meiling	5,000.00	2021-08-18	2022-08-08	N
Meiling Life Appliances	Changhong Meiling	2,000.00	2021-10-13	2022-10-12	N
Meiling Life Appliances	Changhong Meiling	4,000.00	2021-12-09	2022-11-02	N
Meiling Life Appliances	Changhong Meiling	3,000.00	2022-01-26	2023-01-26	N
Meiling Life Appliances	Changhong Meiling	5,000.00	2022-03-21	2022-08-21	N
Meiling Life Appliances	Changhong Meiling	5,000.00	2022-03-16	2023-03-16	N
Ridian Technology	Changhong Meiling	3,000.00	2021-08-09	2022-08-08	N
Ridian Technology	Changhong Meiling	4,000.00	2021-09-16	2022-09-15	N
Ridian Technology	Changhong Meiling	3,000.00	2022-03-25	2023-03-25	N
Ridian Technology	Changhong Meiling	4,000.00	2021-03-31	2022-03-31	Y
Zhongke Meiling	Changhong Meiling	5,000.00	2021-05-24	2022-05-24	N
Zhongke Meiling	Changhong Meiling	6,000.00	2021-09-22	2022-09-22	N
Anhui Tuoxing	Zhongke Meiling	500.00	2022-06-27	2023-06-27	N
Anhui Tuoxing	Zhongke Meiling	500.00	2021-04-01	2022-04-01	Y
Jiangxi Meiling	Changhong Meiling	10,000.00	2021-07-08	2022-07-08	N

### 9. Assets transfer and debt reorganization of related parties

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

From 1 January 2022 to 30 June 2022

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

Related party	Type	Current Period	Last Period
Sichuan Hongxin Software Co., Ltd.	Purchase and construction of fixed assets	1,570,283.02	
Sichuan Changhong Electric Co., Ltd.	Purchase and construction of fixed assets	1,400,000.03	5,595.00
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchase/ Purchase and construction of fixed assets	484,283.19	5,762,952.63
Mianyang Science & Technology City Big Data Technology Co., Ltd.	Purchase and construction of fixed assets	452,630.47	
Sichuan Changhong Electronics Holding Group Co., Ltd.	Purchase and construction of fixed assets	94,339.62	
Sichuan Qiruik Technology Co., Ltd.	Purchasing fixed assets	65,575.22	
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing fixed assets	8,407.06	
Guangdong Changhong Electronics Co., Ltd.	Purchasing fixed assets	600.00	
Sichuan Hongcheng Construction Engineering Co., Ltd.	Purchase and construction of fixed assets		1,950,244.22
081 Electronic Group Co., Ltd.	Purchase and construction of fixed assets		1,058,420.18
Sichuan Changhong Moulding Tech. Co., Ltd.	Purchasing fixed assets		521,211.50
Sichuan Huanyu Industrial Co., Ltd.	Purchase and construction of fixed assets		366,972.48
Sichuan Hongxin Software Co., Ltd.	Purchase intangible assets		141,509.43
Sichuan Aoku Technology Co., Ltd.	Sale of fixed assets	121,030.34	
<b>Total</b>		<b>4,197,148.95</b>	<b>9,806,905.44</b>

### 10. Other

Name of company	Content	Current Period (in 10 thousand and Yuan)	Last Period (in 10 thousand and Yuan)
Yuanxin Financial Lease Co., Ltd.	Financing business	21,168.68	34,194.22

### 11. Related transaction with Changhong Finance Company

#### (1) Saving balance

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

From 1 January 2022 to 30 June 2022

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

Name of company	Ending balance	Opening balance	Interest income from bank saving in the period
Changhong Meiling Co., Ltd.	1,628,997,355.75	1,750,741,958.39	24,115,331.72
Sichuan Changhong Air-conditioner Co., Ltd	837,105,759.65	667,374,291.19	5,513,643.72
Zhongshan Changhong Electric Co., Ltd	501,466,098.24	472,478,264.48	6,323,885.94
Hefei Changhong Meiling Life Appliances Co., Ltd.	195,059,408.17	204,429,613.95	4,758,430.52
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	52,985,499.78	117,428,653.82	766,128.76
Zhongke Meiling Cryogenic Technology Co., Ltd	40,000,000.00	89,236,818.21	1,289,402.20
Changhong Meiling Ridian Technology Co., Ltd.	35,195,135.40	78,870,573.40	1,331,610.01
Hebei Hongmao Daily Appliance Technology Co., Ltd.	4,814,127.85	4,185,481.97	37,800.02
Hefei Meiling Group Holdings Limited	173,553.73	227,396.51	7,525.58
Anhui Tuoxing Technology Co., Ltd.	38,804.27	58,438.14	1,862.82
Mianyang Meiling Refrigeration Co., Ltd.	26,107.80	26,052.45	58.39
Ground Energy Heat Pump Tech. Co., Ltd.	16,113.12	19,795.17	40.20
Jiangxi Meiling Electric Appliance Co., Ltd.	9,606.06	9,585.70	21.48
<b>Total</b>	<b>3,295,887,569.82</b>	<b>3,385,086,923.38</b>	<b>44,145,741.36</b>

### (2) Discounted bills

Name of company	Bank acceptance Discounted face amount	Bank acceptance Discounted amount	Discounting fees Amount of expenses
Sichuan Changhong Air-conditioner Co., Ltd	576,664,759.78	570,578,821.86	6,085,937.92
Changhong Meiling Co., Ltd.	404,521,001.09	401,143,854.50	3,377,146.59
Hefei Changhong Meiling Life Appliances Co., Ltd.	65,483,566.64	64,927,310.55	556,256.09
<b>Total</b>	<b>1,046,669,327.51</b>	<b>1,036,649,986.91</b>	<b>10,019,340.60</b>

### (3) Issuing bills

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

From 1 January 2022 to 30 June 2022

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

Name of company	Bill issuing unit	Amount of bills	Type
Sichuan Changhong Air-conditioner Co., Ltd	Sichuan Changhong Group Finance Co., Ltd.	795,794,750.07	Bank acceptance bill
Zhongshan Changhong Electric Co., Ltd	Sichuan Changhong Group Finance Co., Ltd.	311,775,802.43	Bank acceptance bill
Changhong Meiling Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	292,495,135.58	Bank acceptance bill
Hefei Changhong Meiling Life Appliances Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	65,790,640.18	Bank acceptance bill
Hefei Meiling Group Holdings Limited	Sichuan Changhong Group Finance Co., Ltd.	60,530,654.68	Bank acceptance bill
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	53,219,911.64	Bank acceptance bill
Zhongke Meiling Cryogenic Technology Co., Ltd	Sichuan Changhong Group Finance Co., Ltd.	42,507,477.55	Bank acceptance bill
Hebei Hongmao Daily Appliance Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	12,534,617.64	Bank acceptance bill
Changhong Meiling Ridian Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	6,404,093.71	Bank acceptance bill
Anhui Tuoxing Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	388,042.66	Bank acceptance bill
<b>Total</b>		<b>1,641,441,126.14</b>	

(4) Borrowing: nil

(5) Accounts receivable factoring: nil

(iii) Come and go balance with related parties

### 1. Receivable items

Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Zhiyijia Network Technology Co., Ltd.	729,357,230.57		590,034,682.52	
Account receivable	CHANGHONG(HK)TRADINGLIMITED	97,388,887.21		14,593,546.00	
Account receivable	Changhong International Holdings (Hong Kong) Co., Ltd.	69,808,921.67	2,109,676.72	35,985,886.24	971,525.15
Account receivable	CHANGHONGELECTRIC(AUSTRALIA)PTY.LTD.	45,370,669.06	648,386.48	55,903,139.06	

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

From 1 January 2022 to 30 June 2022

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

Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	ChanghongRubaElectricCompany(Private)Ltd.	40,863,864.04	3,349,025.22	39,274,379.69	2,991,971.20
Account receivable	Orion.PDP.Co.,Ltd	25,138,268.70	679,786.93	7,923,855.47	
Account receivable	CHANGHONGELECTRICMIDDLEEASTFZCO	3,225,485.97		120,716.04	
Account receivable	ChanghongEuropeElectrics.r.o	1,705,451.95		3,382,179.18	
Account receivable	Hong Yuan Ground Energy Heat Tech. Co., Ltd	1,245,494.53	181,186.74	1,251,751.92	185,439.69
Account receivable	Lejiayi Chain Management Co., Ltd.	1,191,775.40	1,695.82	141,775.39	
Account receivable	Sichuan Huafeng Enterprise Group Co., Ltd.	798,000.00			
Account receivable	Sichuan Changhong Electric Co., Ltd.	507,258.99	12,435.92	2,512,637.87	569.25
Account receivable	Sichuan Changhong Moulding Tech. Co., Ltd.	387,286.97			
Account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	331,005.72		67,279.43	
Account receivable	Changhong Huayi Compressor Co., Ltd.	165,810.00		642,605.16	
Account receivable	Sichuan Ansify Technology Co., Ltd.	44,580.80		52,448.00	
Account receivable	Sichuan Changxin Refrigeration Parts Co., Ltd.	26,666.66			
Account receivable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	16,695.00			
Account receivable	Sichuan Changhong Minsheng Logistics Co., Ltd.	1,900.00		6,619.80	
Account receivable	Sichuan Aichuang Science & Technology Co., Ltd.			1,595,719.32	
Account receivable	Changhong Grand-Pro Technology Co., Ltd.			705,000.00	
Account receivable	Sichuan Changhong International Hotel Co., Ltd.			17,064.50	
Account receivable	Yuanxin Financial Lease Co., Ltd.			7,852.07	
Account receivable	Guangdong Changhong Electronics Co., Ltd.			5,239.75	248.56

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

From 1 January 2022 to 30 June 2022

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

Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Hongmofang Network Technology Co., Ltd.			4,380.00	
Account paid in advance	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	1,362,684.87		925,280.67	
Account paid in advance	Sichuan Aichuang Science & Technology Co., Ltd.	684,000.00		684,000.00	
Account paid in advance	Sichuan Ailink Technology Co., Ltd.	396.02		396.02	
Account paid in advance	Sichuan Zhiyijia Network Technology Co., Ltd.			67,678.94	
Account paid in advance	Hefei Changhong Industrial Co., Ltd.			38,029.06	
Other receivable	Changhong Grand-Pro Technology Co., Ltd.	267,000.00		267,000.00	
Other receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	264,887.71		200,000.00	
Other receivable	Sichuan Changhong Jiechuang Lithium Technology Co., Ltd.	129,000.00		129,000.00	
Other receivable	Sichuan Zhiyijia Network Technology Co., Ltd.	100,000.00			
Other receivable	Sichuan Changhong Electric Co., Ltd.	60,000.00		59,857.21	
Other receivable	Guangdong Changhong Electronics Co., Ltd.	25,899.43		25,899.43	
Other receivable	Sichuan Changhong Power Source Co., Ltd.	19,200.00		19,200.00	
Other receivable	Sichuan Changhong Jijia Fine Co., Ltd.	6,596.51		17,232.50	
<b>Total</b>		<b>1,020,494,917.78</b>	<b>6,982,193.83</b>	<b>756,662,331.24</b>	<b>4,149,753.85</b>

### 2. Payable items

Item	Related party	Ending balance	Opening balance
Account payable	Sichuan Changhong Moulding Tech. Co., Ltd.	315,222,887.54	27,523,349.71
Account payable	Sichuan Changhong Jijia Fine Co., Ltd.	157,346,752.61	6,608,580.22



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

From 1 January 2022 to 30 June 2022

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

Item	Related party	Ending balance	Opening balance
Account payable	Changhong Huayi Compressor Co., Ltd.	80,555,188.87	3,518,643.94
Account payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	61,160,351.34	7,599,199.65
Account payable	Sichuan Changhong Electric Co., Ltd.	34,494,337.95	115,854.26
Account payable	Changhong Ruba Electric Company (Private) Ltd.	32,606,629.00	
Account payable	Sichuan Aichuang Science & Technology Co., Ltd.	32,459,525.53	7,290,455.51
Account payable	Sichuan Changhong Package Printing Co., Ltd.	18,821,866.13	5,553,060.13
Account payable	Changhong International Holdings (Hong Kong) Co., Ltd.	13,487,100.46	12,718,331.49
Account payable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	11,027,551.80	2,450,482.58
Account payable	Sichuan Changhong Electronic Products Co., Ltd.	10,175,643.97	372,065.37
Account payable	Mianyang Highly Electric Co., Ltd.	8,187,654.32	8,324,553.75
Account payable	Sichuan Changhong Minsheng Logistics Co., Ltd.	4,611,297.98	760,136.08
Account payable	Sichuan Changhong Device Technology Co., Ltd.	4,501,824.52	0.18
Account payable	Sichuan Ailink Technology Co., Ltd.	3,465,770.09	3,014,723.46
Account payable	Hefei Changhong Industrial Co., Ltd.	2,202,573.26	
Account payable	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	1,973,312.17	1,911,174.67
Account payable	Guangdong Changhong Electronics Co., Ltd.	1,179,915.52	1,296,473.51
Account payable	Sichuan Jiahong Industrial Co., Ltd.	558,118.29	
Account payable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	514,481.32	449,551.04
Account payable	Sichuan Hongxin Software Co., Ltd.	403,701.89	28,301.89
Account payable	Chengdu Changhong Electronic Technology Co., Ltd.	326,258.23	326,258.23
Account payable	Sichuan Aoku Technology Co., Ltd.	295,530.47	
Account payable	Sichuan Changhong Electronics Holding Group Co., Ltd.	108,400.00	
Account payable	Sichuan Changhong International Hotel Co., Ltd.	99,723.00	
Account payable	081 Electronic Group Co., Ltd.	53,026.90	53,196.86
Account payable	Sichuan Hongcheng Construction Engineering Co., Ltd.	50,000.00	50,000.00
Account payable	Sichuan Hongyu Metal Manufacturing Co., Ltd.	14,662.40	14,662.40
Account payable	Sichuan Changhong New Energy Technology Co., Ltd.	13,560.00	8,000.40
Account payable	Sichuan Changhong Power Source Co., Ltd.	1,870.82	1,870.82
Account payable	Hong Yuan Ground Energy Heat Tech. Co., Ltd.	0.01	0.01
Account payable	Hunan Grand-Pro Intelligent Tech. Company		391,610.62
Account payable	Sichuan Changhong International Travel Service Co., Ltd.		90,789.00
Contract liability	Lejiayi Chain Management Co., Ltd.	1,672,191.25	828,419.67
Contract liability	Sichuan Changhong Intelligent Technology Co., Ltd.	1,120,221.22	

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

From 1 January 2022 to 30 June 2022

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

Item	Related party	Ending balance	Opening balance
Contract liability	Sichuan Zhiyijia Network Technology Co., Ltd.	769,911.50	34.38
Contract liability	Sichuan Changhong Electric Co., Ltd.	480,927.60	547,736.39
Contract liability	Sichuan Aichuang Science & Technology Co., Ltd.	130,624.62	
Contract liability	Sichuan Changhong Electronics Holding Group Co., Ltd.	70,867.26	
Contract liability	081 Electronic Group Co., Ltd.	46,585.00	22.61
Contract liability	Hong Yuan Ground Energy Heat Tech. Co., Ltd	39,343.58	41,894.81
Contract liability	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	11,270.90	303,764.99
Contract liability	Chengdu Guigu Environmental Tech. Co., Ltd	2,566.37	1,520.35
Contract liability	Changhong International Holdings (Hong Kong) Co., Ltd.	2,040.27	
Contract liability	CHANGHONG (HK) TRADING LIMITED	861.02	817.96
Contract liability	Sichuan Changhong International Hotel Co., Ltd.	0.88	
Contract liability	Guangyuan Changhong Electronic Technology Co., Ltd.	0.03	
Contract liability	Sichuan Aoku Technology Co., Ltd.		358,528.90
Contract liability	Sichuan Changhong Device Technology Co., Ltd.		59,317.08
Contract liability	Guang yuan Hongcheng Industrial Co., Ltd.		22,935.78
Contract liability	Sichuan Changhong Minsheng Logistics Co., Ltd.		3,362.83
Contract liability	Sichuan Tianyou Guigu Technology Co., Ltd		185.84
Lease liability	Hefei Changhong Industrial Co., Ltd.	23,750,695.99	24,644,347.94
Lease liability	Sichuan Changhong Electric Co., Ltd.	10,529,779.32	11,332,933.78
Lease liability	Chengdu Changhong Electronic Technology Co., Ltd.	64,050.73	977,917.93
Other payable	Sichuan Changhong Minsheng Logistics Co., Ltd.	112,771,549.4	100,309,779.69
Other payable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	109,330,238.55	116,814.89
Other payable	Yuanxin Financial Lease Co., Ltd.	85,592,599.92	79,697,695.46
Other payable	CHANGHONG (HK) TRADING LIMITED	4,911,677.86	26,435.95
Other payable	Sichuan Changhong Moulding Tech. Co., Ltd.	2,595,781.48	2,194,205.68
Other payable	Changhong Huayi Compressor Co., Ltd.	1,698,900.00	1,598,900.00
Other payable	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	727,845.10	608,075.10
Other payable	Sichuan Zhiyijia Network Technology Co., Ltd.	586,201.06	784,247.43
Other payable	Sichuan Changhong Jineng Sunshine Technology Co., Ltd.	500,000.00	500,000.00
Other payable	Sichuan Changhong Jijia Fine Co., Ltd.	400,500.00	400,500.00
Other payable	Sichuan Qiruik Technology Co., Ltd.	376,614.00	175,244.04
Other payable	Hunan Grand-Pro Intelligent Tech. Company	200,000.00	250,000.00
Other payable	Sichuan Aoku Technology Co., Ltd.	144,874.60	96,455.34
Other payable	Sichuan Aichuang Science & Technology Co., Ltd.	100,000.00	

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

From 1 January 2022 to 30 June 2022

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

Item	Related party	Ending balance	Opening balance
Other payable	Mianyang Science & Technology City Big Data Technology Co., Ltd.	60,045.70	
Other payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	53,536.27	46,702.03
Other payable	Sichuan Changhong Package Printing Co., Ltd.	50,000.00	50,000.00
Other payable	Sichuan Ailink Technology Co., Ltd.	50,000.00	50,000.00
Other payable	Sichuan Changhong Electronic Products Co., Ltd.	50,000.00	50,000.00
Other payable	Hefei Changhong Industrial Co., Ltd.	50,000.00	
Other payable	Sichuan Changhong Electric Co., Ltd.	45,910.06	43,634.53
Other payable	Changhong International Holdings (Hong Kong) Co., Ltd.	43,059.21	52,728.63
Other payable	Guangdong Changhong Electronics Co., Ltd.	32,803.00	79,304.55
Other payable	Sichuan Changhong Electronics Holding Group Co., Ltd.	2,440.52	35,359.74
Other payable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	567.00	0.01
Other payable	Sichuan Changhong Device Technology Co., Ltd.	381.09	
Other payable	Sichuan Jiahong Industrial Co., Ltd.	18.00	18.00
Other payable	Sichuan Hongwei Technology Co., Ltd.		220,425.76
Other payable	Chengdu Guigu Environmental Tech. Co., Ltd		25,132.00
	<b>Total</b>	<b>1,154,986,996.75</b>	<b>317,006,725.85</b>

(iv) Commitments from related parties: Nil

## XII. Share-based payment: Nil

## XIII. Contingency

### 1. Pending action or possible liabilities formed from arbitration

In November 2021, Zhejiang Teruisi Pharmaceutical Co., Ltd. filed a lawsuit against Zhongke Meiling for the "Contract for Cold Storage Design, Equipment Procurement and Installation Construction". Currently, a third-party engineering quality appraisal agency is conducting quality appraisal of the objects under the contract, the boot-up and operation test has been initially completed, and Zhongke Meiling intends to advocate maintenance of the cold storage project, and the maintenance cost is estimated to be 1,793,030.00 yuan.

### 2. Contingency from external guarantee: Nil

### 3. Other contingency: Nil

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

From 1 January 2022 to 30 June 2022

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

### XIV. Commitments: Nil

### XV. Events occurring after the balance sheet date

1. Important non-adjustment items: Nil
2. Profit distribution: Nil
3. Major sales return: Nil
4. Other than the above mentioned events, the Company have no other events occurred after balance sheet date.

### XVI. Other significant matters

1. Correction of previous periods and influence: Nil
2. Debt restructuring: Nil
3. Assets replacement: Nil
4. Pension plan: Nil
5. Discontinuing operation: Nil
6. Branch information

In 10 thousand Yuan

Item	Refrigerator, freezer Washing machine	Air- conditioner	Small appliances	Other	Sales in branch	Total
Operation income	403,513.86	542,114.56	82,352.59	19,485.36	25,016.01	1,022,450.36
Including: foreign trade income	400,411.80	542,084.47	72,291.16	7,662.93		1,022,450.36
Income from transactions between divisions	3,102.06	30.09	10,061.43	11,822.43	25,016.01	
Operation expenses	416,936.62	532,963.83	81,446.79	17,198.98	24,755.45	1,023,790.77
Operation profit	-13,422.76	9,150.73	905.80	2,286.38	260.56	-1,340.41
Total assets	1,088,459.78	618,945.84	76,536.33	22,235.90	171,719.07	1,634,458.78
Total liability	619,528.52	497,490.08	53,775.63	8,711.32	28,030.05	1,151,475.50
Supplementary information						
Depreciation and amortization expenses	10,887.28	7,347.90	197.24	300.95	-10.55	18,743.92

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

From 1 January 2022 to 30 June 2022

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

Item	Refrigerator, freezer Washing machine	Air-conditioner	Small appliances	Other	Sales in branch	Total
Capital expenditure	12,633.34	5,549.85	24.40	434.56	54.87	18,587.28

7. Other major transactions and events shows impact on investor's decision-making: Nil

## XVII. Notes to main items of financial statement of parent company

### 1. Account receivable

(1) Presented according to the bad debt accrual method

Category	Ending balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
<b>Account receivable that withdrawal bad debt provision by single item</b>	<b>1,642,962,833.03</b>	<b>93.20</b>	<b>5,607,260.68</b>	<b>0.34</b>	<b>1,637,355,572.35</b>
Including: Related party payments	1,640,802,695.33	93.08	4,639,780.88	0.28	1,636,162,914.45
Account receivable with letter of credit	1,192,657.90	0.07			1,192,657.90
Account receivable with single minor amount but withdrawal single item bad debt provision	967,479.80	0.05	967,479.80	100.00	
<b>Account receivable withdrawal bad debt provision by portfolio</b>	<b>119,868,099.15</b>	<b>6.80</b>	<b>21,256,805.24</b>	<b>17.73</b>	<b>98,611,293.91</b>
Including: account receivable of engineering customers	6,246,264.00	0.35	3,123,132.00	50.00	3,123,132.00
Receivables other than engineering customers	113,621,835.15	6.45	18,133,673.24	15.96	95,488,161.91
<b>Total</b>	<b>1,762,830,932.18</b>	<b>100.00</b>	<b>26,864,065.92</b>	<b>1.52</b>	<b>1,735,966,866.26</b>

(Continued)

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
<b>Account receivable that withdrawal bad debt provision by single item</b>	<b>1,416,366,794.95</b>	<b>88.42</b>	<b>2,554,877.42</b>	<b>0.18</b>	<b>1,413,811,917.53</b>
Including: Related party payments	1,390,662,728.52	86.82	2,203,703.69	0.16	1,388,459,024.83
Account receivable with letter of credit	25,352,892.70	1.58			25,352,892.70
Account receivable with single minor amount but withdrawal single item bad debt provision	351,173.73	0.02	351,173.73	100.00	
<b>Account receivable withdrawal bad debt provision by portfolio</b>	<b>185,510,434.61</b>	<b>11.58</b>	<b>16,670,455.89</b>	<b>8.99</b>	<b>168,839,978.72</b>
Including: account receivable of engineering customers	6,246,264.00	0.39	3,123,132.00	50.00	3,123,132.00
Receivables other than engineering customers	179,264,170.61	11.19	13,547,323.89	7.56	165,716,846.72

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

From 1 January 2022 to 30 June 2022

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

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
<b>Total</b>	<b>1,601,877,229.56</b>	<b>100.00</b>	<b>19,225,333.31</b>	<b>1.20</b>	<b>1,582,651,896.25</b>

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

Account receivable with single minor amount but withdrawal bad debt provision singly, refers to the minor single receivables, and withdrawal bad debt provision by combination shows no risk characteristic of the receivables, 3 clients involved.

### 2) Account receivable withdrawal bad debt provision by portfolio

#### A. Account receivable of engineering customers

Account age	Ending balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Within 3 months (3 months included)			
Over 3 months and within 6 months (6 months included)			
Over 6 months and within one year (One year included)			
Over one year - within 2 years (2 years included)			20.00
Over 2 years - within 3 years (3 years included)	6,246,264.00	3,123,132.00	50.00
Over 3 years			100.00
<b>Total</b>	<b>6,246,264.00</b>	<b>3,123,132.00</b>	

(Continued)

Account age	Opening balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Within 3 months (3 months included)			
Over 3 months and within 6 months (6 months included)			
Over 6 months and within one year (One year included)			
Over one year - within 2 years (2 years included)			20.00
Over 2 years - within 3 years (3 years included)	6,246,264.00	3,123,132.00	50.00
Over 3 years			100.00

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

From 1 January 2022 to 30 June 2022

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

Account age	Opening balance		
	Book balance	Bad debt provision	Accrual ratio (%)
<b>Total</b>	<b>6,246,264.00</b>	<b>3,123,132.00</b>	

### B. Receivables other than engineering customers

Account age	Ending balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Within 3 months (3 months included)	76,611,262.20	766,112.62	1.00
Over 3 months and within 6 months (6 months included)	1,706,357.54	170,635.75	10.00
Over 6 months and within one year (One year included)	13,661,184.13	2,732,236.83	20.00
Over one year - within 2 years (2 years included)	12,872,569.35	6,436,284.68	50.00
Over 2 years - within 3 years (3 years included)	3,710,292.85	2,968,234.28	80.00
Over 3 years	5,060,169.08	5,060,169.08	100.00
<b>Total</b>	<b>113,621,835.15</b>	<b>18,133,673.24</b>	

(Continued)

Account age	Opening balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Within 3 months (3 months included)	146,099,823.60	1,460,998.24	1.00
Over 3 months and within 6 months (6 months included)	10,604,804.35	1,060,480.44	10.00
Over 6 months and within one year (One year included)	9,051,609.96	1,810,321.99	20.00
Over one year - within 2 years (2 years included)	8,453,845.93	4,226,922.97	50.00
Over 2 years - within 3 years (3 years included)	327,432.61	261,946.09	80.00
Over 3 years	4,726,654.16	4,726,654.16	100.00
<b>Total</b>	<b>179,264,170.61</b>	<b>13,547,323.89</b>	

(2) By account age

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

From 1 January 2022 to 30 June 2022

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

Account age	Ending balance	Opening balance
Within 3 months (3 months included)	943,021,204.33	667,235,077.95
Over 3 months and within 6 months (6 months included)	168,807,422.08	867,911,914.43
Over 6 months and within one year (One year included)	596,918,384.12	35,781,521.18
Over one year - within 2 years (2 years included)	31,501,870.82	13,453,956.99
Over 2 years - within 3 years (3 years included)	9,956,556.85	6,594,527.78
Over 3 years	12,625,493.98	10,900,231.23
<b>Total</b>	<b>1,762,830,932.18</b>	<b>1,601,877,229.56</b>

### (3) Bad debt reserves of the account receivable

Category	Opening balance	Amount change in the period			Ending balance
		Accrual	Collected or switch back	Resale or write-off	
Bad debt provision	19,225,333.31	7,638,732.61			26,864,065.92
<b>Total</b>	<b>19,225,333.31</b>	<b>7,638,732.61</b>			<b>26,864,065.92</b>

(4) Top 5 balance of account receivable aggregated by the debtor at end of the period amounted to 1,577,697,118.69 yuan, accounted for 89.50% of the receivables at balance of current period-end, the bad debt provision amounted as 3,542,205.46 yuan.

(5) Receivables derecognized due to the transfer of financial assets: 206,504,068.29 yuan

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

## 2. Other account receivable

Item	Ending balance	Opening balance
Other account receivable	38,833,840.97	40,708,614.68
<b>Total</b>	<b>38,833,840.97</b>	<b>40,708,614.68</b>

### (1) By nature

Nature	Ending book balance	Opening book balance
Export tax refund and Other tax refundable	8,001,439.54	26,634,190.54
Cash deposit	2,690,511.92	2,788,111.92
Loans of employee's pretty cash	4,758,043.56	4,383,234.18
Related party in consolidation statement	4,391,769.95	4,859,662.12
Related party not in consolidation statement	200,000.00	200,000.00
Insurance compensation	18,970,000.00	
Other	62,400.00	1,893,415.92



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

From 1 January 2022 to 30 June 2022

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

Nature	Ending book balance	Opening book balance
<b>Total</b>	<b>39,074,164.97</b>	<b>40,758,614.68</b>

### (2) Provision for bad debt of other receivable

Bad debt reserves	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
Balance as at 1 Jan. 2022			50,000.00	50,000.00
Book balance of other account receivable in Current Period as at 1 Jan. 2022	—	—	—	—
--Transfer to the second stage				
--Transfer to the third stage				
--Reversal to the second stage				
--Reversal to the first stage				
Provision in Current Period		190,324.00		190,324.00
Reversal in Current Period				
Conversion in Current Period				
Write off in Current Period				
Other change				
<b>Balance as at 30 Jun. 2022</b>		<b>190,324.00</b>	<b>50,000.00</b>	<b>240,324.00</b>

### (3) By account age

Account age	Ending balance	Opening balance
Within 3 months (3 months included)	31,026,643.98	34,703,730.05
Over 3 months and within 6 months (6 months included)	817,562.29	1,390,793.47
Over 6 months and within one year (One year included)	3,307,712.59	1,144,671.71
over one year-within two years (2 years included)	1,555,155.65	1,556,311.89
Over 2 years - within 3 years (3 years included)	822,700.00	899,400.00
Over 3 years	1,544,390.46	1,063,707.56
<b>Total</b>	<b>39,074,164.97</b>	<b>40,758,614.68</b>

### (4) Top 5 balance of other account receivable aggregated by the debtor at end of the period

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

From 1 January 2022 to 30 June 2022

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

Name of the unit	Nature	Ending balance	Account age	Proportion of the total period-end balance of other receivable (%)	Ending balance of bad debt reserve
Unit I	Insurance compensation	18,970,000.00	Within 3 months	48.55	
Unit II	Export rebates	8,001,439.54	Within 3 months	20.48	
Unit III	Related party payment	4,574,459.69	Within 1 year	11.71	
Unit IV	Related party payment	3,151,115.75	1-2 years	8.06	
Unit V	Related party payment	2,871,072.68	Within 1 year	7.35	
<b>Total</b>		<b>37,568,087.66</b>		<b>96.15</b>	

(5) There are no receivables involving government subsidies

(6) There are no other receivables derecognized due to the transfer of financial assets.

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

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

From 1 January 2022 to 30 June 2022

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

### 3. Long-term equity investments

#### (1) Classification of long-term equity investments

Item	Ending balance			Opening balance		
	Book balance	Impairment loss	Book value	Book balance	Impairment loss	Book value
<b>Investment in subsidiaries:</b>						
Zhongke Meiling Cryogenic Technology Co., Ltd	42,652,000.00		42,652,000.00	42,652,000.00		42,652,000.00
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00		95,000,000.00	95,000,000.00		95,000,000.00
Hefei Meiling Electric Appliances Marketing Co., Ltd	54,900,000.00		54,900,000.00	54,900,000.00		54,900,000.00
Zhongshan Changhong Electric Co., Ltd	304,856,419.37		304,856,419.37	304,856,419.37		304,856,419.37
Sichuan Changhong Air-conditioner Co., Ltd	955,600,437.79		955,600,437.79	955,600,437.79		955,600,437.79
Hefei Meiling Group Holdings Limited	113,630,000.00		113,630,000.00	113,630,000.00		113,630,000.00
Jiangxi Meiling Electric Appliance Co., Ltd.	79,000,000.00		79,000,000.00	79,000,000.00		79,000,000.00
Changhong Meiling Ridian Technology Co., Ltd.	91,082,111.12		91,082,111.12	91,082,111.12		91,082,111.12
Meiling CANDY Washing Machine Co., Ltd	60,000,000.00	27,675,208.01	32,324,791.99	60,000,000.00	27,675,208.01	32,324,791.99
Hefei Meiling Wulian Technology Co., Ltd	6,000,000.00		6,000,000.00	6,000,000.00		6,000,000.00
CH-Meiling International (Philippines) Inc.	6,889,100.00		6,889,100.00	6,889,100.00		6,889,100.00
Hefei Changhong Meiling Life Appliances Co., Ltd.	35,000,000.00		35,000,000.00	35,000,000.00		35,000,000.00
<b>Investment in associates:</b>						
Hefei Xingmei Assets Management Co., Ltd.	19,452,270.21		19,452,270.21	19,835,366.84		19,835,366.84
Sichuan Zhiyijia Network Technology Co., Ltd.	46,610,307.25		46,610,307.25	45,787,014.55		45,787,014.55
<b>Total</b>	<b>1,910,672,645.74</b>	<b>27,675,208.01</b>	<b>1,882,997,437.73</b>	<b>1,910,232,449.67</b>	<b>27,675,208.01</b>	<b>1,882,557,241.66</b>

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

From 1 January 2022 to 30 June 2022

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

### (2) Investment in subsidiaries

Invested enterprise	Opening balance	Increased in Current Period	Decreased in Current Period	Ending balance	Provision for impairment losses in the Period	Ending balance of impairment
Zhongke Meiling Cryogenic Technology Co., Ltd	42,652,000.00			42,652,000.00		
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00			95,000,000.00		
Hefei Meiling Electric Appliances Marketing Co., Ltd	54,900,000.00			54,900,000.00		
Zhongshan Changhong Electric Co., Ltd	304,856,419.37			304,856,419.37		
Sichuan Changhong Air-conditioner Co., Ltd	955,600,437.79			955,600,437.79		
Hefei Meiling Group Holdings Limited	113,630,000.00			113,630,000.00		
Jiangxi Meiling Electric Appliance Co., Ltd.	79,000,000.00			79,000,000.00		
Changhong Meiling Ridian Technology Co., Ltd.	91,082,111.12			91,082,111.12		
Hefei Changhong Meiling Life Appliances Co., Ltd.	35,000,000.00			35,000,000.00		
Meiling CANDY Washing Machine Co., Ltd	60,000,000.00			60,000,000.00		27,675,208.01
Hefei Meiling Wulian Technology Co., Ltd	6,000,000.00			6,000,000.00		
CH-Meiling International (Philippines) Inc.	6,889,100.00			6,889,100.00		
<b>Total</b>	<b>1,844,610,068.28</b>			<b>1,844,610,068.28</b>		<b>27,675,208.01</b>

### (3) Investment in associates

Invested enterprise	Opening balance	Changes in Current Period								Ending balance	Ending balance of impairment
		Additional Investment	Negative Investment	Investment income recognized under equity	Adjustment for other comprehensive	Other equity change	Cash dividend or profit announced to issued	Provision for impairment loss	Other		

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

From 1 January 2022 to 30 June 2022

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

				income				
Hefei Xingmei Assets Management Co., Ltd.	19,835,366.84		4,686,303.37			5,069,400.00		19,452,270.21
Sichuan Zhiyijia Network Technology Co., Ltd.	45,787,014.55		823,292.70					46,610,307.25
<b>Total</b>	<b>65,622,381.39</b>		<b>5,509,596.07</b>			<b>5,069,400.00</b>		<b>66,062,577.46</b>

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

From 1 January 2022 to 30 June 2022

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

### 4. Operation income, operation cost

#### (1) Operation income and operation cost

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main business	3,030,603,503.85	2,834,190,544.57	3,102,350,117.09	2,860,557,418.34
Other business	245,902,657.62	226,413,800.95	873,401,787.20	841,056,783.21
<b>Total</b>	<b>3,276,506,161.47</b>	<b>3,060,604,345.52</b>	<b>3,975,751,904.29</b>	<b>3,701,614,201.55</b>

#### (2) Main business - Classified according to product

Product	Current Period		Last Period	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator, freezer	2,609,364,481.40	2,442,998,402.01	2,809,476,859.57	2,589,201,634.89
air conditioner	4,106,663.74	3,945,682.66	5,383,616.16	5,234,264.84
Washing machine	302,517,846.03	283,311,449.87	232,248,515.69	216,526,918.33
Small household appliances and kitchen and bathroom	114,614,512.68	103,935,010.03	55,241,125.67	49,594,600.28
<b>Total</b>	<b>3,030,603,503.85</b>	<b>2,834,190,544.57</b>	<b>3,102,350,117.09</b>	<b>2,860,557,418.34</b>

#### (3) Main business - Classified according to region

Region	Current Period		Last Period	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	2,085,203,000.95	1,955,621,293.70	1,756,300,378.04	1,652,622,816.92
Overseas	945,400,502.90	878,569,250.87	1,346,049,739.05	1,207,934,601.42
<b>Total</b>	<b>3,030,603,503.85</b>	<b>2,834,190,544.57</b>	<b>3,102,350,117.09</b>	<b>2,860,557,418.34</b>

Top five clients in sales revenue amounted as 1,844,332,092.65 yuan, a 56.29% in total operation income.

### 5. Investment income

Item	Current Period	Last Period
Long-term equity investment income by equity method	5,509,596.07	-15,045,065.49
Investment income obtained from disposal of trading financial assets	1,530,699.78	46,948,848.62
Income from financial products		2,754,190.61
Long-term equity investment income by cost method	36,720,000.00	2,754,000.00

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

From 1 January 2022 to 30 June 2022

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

<b>Item</b>	<b>Current Period</b>	<b>Last Period</b>
Investment income of other non-current financial assets during holding period	76,200.80	
The termination of income recognition for financial assets measured by amortized cost	-1,663,033.71	
Interest income from debt investment during the holding period	5,356,708.33	
<b>Total</b>	<b>47,530,171.27</b>	<b>37,411,973.74</b>

### **XVIII. Approval of financial statement**

The financial statement has already been approved from the board of directors of the Company for reporting dated 16 August 2022.

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

From 1 January 2022 to 30 June 2022

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

### XIX. Supplementary information for financial statement

#### 1. Non-recurring gains and losses for this period

Item	Current Period	Note
Gains and losses from disposal of non-current assets	8,358,775.10	
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)	41,343,694.48	
Losses/gains from changes of fair values occurred in holding trading financial assets and trading financial liabilities, and investment income obtaining from the disposal of trading financial assets, trading financial liability and financial assets available-for-sale, excluded effective hedging business relevant with normal operations of the Company	13,172,916.65	
Reversal of the account receivable depreciation reserves subject to separate impairment test	714,463.58	
Other non-operating income and expenses other than the above	577,926.96	
Subtotal	64,167,776.77	
Less: impact on income tax	6,327,022.61	
Impact on minority shareholders' equity (post-tax)	1,573,023.82	
<b>Total</b>	<b>56,267,730.34</b>	—

#### 2. Return on equity and earnings per share

Profit during the report period	Weighted average return on equity	Earnings per share/EPS (RMB/Share)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the parent company	1.24%	0.0582	0.0582
Net profit attributable to ordinary shareholders of the parent company after deduction of the non-recurring gains/losses	0.09%	0.0040	0.0040

Chairman: Wu Dinggang

Changhong Meiling Co., Ltd.

18 August 2022