



CHANGHONG MEILING CO., LTD.

Semi-Annual Report 2023

August 2023

CHANGHONG MEILING CO., LTD

SEMI-ANNUAL FINANCIAL REPORT 2023 (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, 2023

In RMB

Item	June 30, 2023	January 1, 2023
Current assets:		
Monetary funds	7, 887, 243, 778. 77	6,839,421,779.13
Settlement provisions		
Capital lent		
Trading financial assets	192,881,811.89	57,660,588.67
Derivative financial assets		
Note receivable		
Account receivable	2,626,925,077.94	1,306,871,945.85
Receivable financing	1,604,435,165.24	1,446,358,719.88
Accounts paid in advance	19,506,880.37	45,859,491.55
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	84,080,620.23	88,354,803.24
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	2,300,494,914.54	1,710,306,933.71
Contractual assets	31,956,763.36	3,530,922.13
Assets held for sale		

Non-current asset due within one year	292,055,597.22	170,167,638.89
Other current assets	319,262,837.45	120,589,431.85
Total current assets	15,358,843,447.01	11,789,122,254.90
Non-current assets:		
Loans and payments on behalf		
Debt investment	182,033,111.11	121,543,750.00
Other debt investment		
Long-term account receivable		
Long-term equity investment	103,328,795.30	100,384,428.50
Investment in other equity instrument		
Other non-current financial assets	628,549,448.31	628,549,448.31
Investment real estate	51,909,274.28	52,898,060.89
Fixed assets	2,192,986,380.31	2,229,553,866.96
Construction in progress	62,914,871.29	66,522,492.77
Productive biological asset		
Oil and gas asset		
Right-of-use assets	32,936,873.96	36,646,135.10
Intangible assets	908,117,247.23	900,568,008.21
Expense on Research and Development	97,944,716.31	102,148,390.57
Goodwill		
Long-term expenses to be apportioned	16,136,485.05	14,900,600.59
Deferred income tax asset	166,501,193.86	161,565,695.30
Other non-current asset	1,689,040.18	893,238.57
Total non-current asset	4,445,047,437.19	4,416,174,115.77
Total assets	19,803,890,884.20	16,205,296,370.67
Current liabilities:		
Short-term loans	881,207,127.01	674,143,916.67
Loan from central bank		
Capital borrowed		
Trading financial liability	113,610,931.43	41,961,524.78
Derivative financial liability		
Note payable	5,767,919,542.57	4,964,374,512.60
Account payable	4,898,495,830.71	2,917,997,138.00
Accounts received in advance		
Contractual liability	355,486,232.62	358,755,397.77
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		

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

Surplus public reserve	441,218,691.48	441,218,691.48
Provision of general risk		
Retained profit	1,174,611,076.18	909,249,365.79
Total owner's equity attributable to parent company	5,445,503,647.49	5,168,471,419.72
Minority interests	367,105,767.99	370,740,249.72
Total owner's equity	5,812,609,415.48	5,539,211,669.44
Total liabilities and owner's equity	19,803,890,884.20	16,205,296,370.67

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

2. Balance Sheet of Parent Company

In RMB

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

Long-term equity investments	1,860,476,731.21	1,856,359,424.33
Investment in other equity instrument		
Other non-current financial assets	608,527,275.52	608,527,275.52
Investment real estate	3,439,458.78	3,543,885.11
Fixed assets	1,119,839,034.70	1,127,344,454.50
Construction in progress	49,041,675.56	51,057,550.03
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets	15,793,515.83	16,739,912.26
Intangible assets	466,120,745.38	467,075,020.10
Research and development costs	68,139,791.62	60,386,906.45
Goodwill		
Long-term deferred expenses	13,065,918.47	11,686,542.49
Deferred income tax assets	126,890,037.15	127,720,739.83
Other non-current assets	638,649.57	638,649.57
Total non-current assets	4,514,005,944.90	4,452,624,110.19
Total assets	11,793,164,530.14	10,887,950,258.88
Current liabilities:		
Short-term borrowings	850,185,752.01	618,091,666.67
Trading financial liability	42,195,286.32	13,537,472.81
Derivative financial liability		
Notes payable	2,379,822,967.92	2,230,728,460.34
Account payable	1,810,626,157.25	1,531,945,762.15
Accounts received in advance		
Contractual liability	104,082,063.96	121,216,205.12
Wage payable	46,305,781.03	64,869,503.19
Taxes payable	18,333,467.70	20,168,907.95
Other accounts payable	900,903,884.00	708,015,820.72
Including: Interest payable		
Dividend payable	31,449,708.69	4,378,994.16
Liability held for sale		
Non-current liabilities due within one year	32,284,472.26	22,238,340.38
Other current liabilities	5,453,243.81	5,978,477.02
Total current liabilities	6,190,193,076.26	5,336,790,616.35
Non-current liabilities:		
Long-term loans	128,000,000.00	148,000,000.00
Bonds payable		

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

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

3. Consolidated Profit Statement

In RMB

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

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

1.continuous operating net profit (net loss listed with ‘-’)	369,929,382.64	72,694,901.46
2.termination of net profit (net loss listed with ‘-’)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	358,054,844.74	60,375,199.25
2.Minority shareholders’ gains and losses	11,874,537.90	12,319,702.21
VI. Net after-tax of other comprehensive income	2,267,837.82	161,477.79
Net after-tax of other comprehensive income attributable to owners of parent company	2,021,916.55	61,187.61
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss	2,021,916.55	61,187.61
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements	2,021,916.55	61,187.61
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders	245,921.27	100,290.18
VII. Total comprehensive income	372,197,220.46	72,856,379.25
Total comprehensive income attributable to owners of parent Company	360,076,761.29	60,436,386.86
Total comprehensive income attributable to minority shareholders	12,120,459.17	12,419,992.39
VIII. Earnings per share:		
(i) Basic earnings per share	0.3477	0.0582
(ii) Diluted earnings per share	0.3477	0.0582

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

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

4. Profit Statement of Parent Company

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

(i) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	171,081,838.22	53,516,907.15
VII. Earnings per share:		
(i) Basic earnings per share	0.1661	0.0516
(ii) Diluted earnings per share	0.1661	0.0516

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

5. Consolidated Cash Flow Statement

In RMB

Item	Semi-annual of 2023	Semi-annual of 2022
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	12,198,688,836.73	10,312,619,575.60
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		

Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received	335,722,174.27	379,915,276.10
Other cash received concerning operating activities	45,885,272.47	72,807,336.47
Subtotal of cash inflow arising from operating activities	12,580,296,283.47	10,765,342,188.17
Cash paid for purchasing commodities and receiving labor service	9,633,823,103.98	8,685,143,427.78
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	969,995,100.78	859,700,605.67
Taxes paid	220,348,189.39	254,144,466.19
Other cash paid concerning operating activities	345,610,079.51	391,300,471.18
Subtotal of cash outflow arising from operating activities	11,169,776,473.66	10,190,288,970.82
Net cash flows arising from operating activities	1,410,519,809.81	575,053,217.35
II. Cash flows arising from investing activities:		
Cash received from recovering investment	530,000,000.00	221,539,824.00
Cash received from investment income	29,194,568.79	17,907,264.72
Net cash received from disposal of fixed, intangible and other long-term assets	2,580,708.68	15,074,662.60
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	83,960,584.77	65,647,218.13
Subtotal of cash inflow from investing activities	645,735,862.24	320,168,969.45
Cash paid for purchasing fixed, intangible and other long-term assets	112,867,755.64	132,916,669.27
Cash paid for investment	990,000,000.00	1,024,040,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and		

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

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

6. Cash Flow Statement of Parent Company

In RMB

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

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

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

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

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

This Period

In RMB

Item	Semi-annual of 2023														Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company															
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal			
Pref erred stock		Perpetual capital securities	Ot her													
I. The ending balance of the previous year	1,029,923,715.00				2,806,493,904.30		-20,881,462.63	2,467,205.78	441,201,471.98		909,082,037.66		5,168,286,872.09	370,748,395.26	5,539,035,267.35	
Add: Changes of accounting policy								17,219.50			167,328.13		184,547.63	-8,145.54	176,402.09	
Error correction of the last period																
Enterprise combine under the same control																
Other																
II. The beginning balance of the current year	1,029,923,715.00				2,806,493,904.30		-20,881,462.63	2,467,205.78	441,218,691.48		909,249,365.79		5,168,471,419.72	370,740,249.72	5,539,211,669.44	
III. Increase/							2,021,916.55	9,648,600.83			265,361,710.39		277,032.2	-	273,397.7	

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

shareholders)													4.35	63	44.98
4. Other															
(iv) Carrying forward internal owners' equity															
1. Capital reserves converted to capital (share capital)															
2. Surplus reserves converted to capital (share capital)															
3. Remedying loss with surplus reserve															
4. Carry-over retained earnings from the defined benefit plans															
5. Carry-over retained earnings from other comprehensive income															
6. Other															
(v) Reasonable reserve							9,648,600.83						9,648,600.83	922,069.73	10,570,670.56
1. Withdrawal in the report period							15,558,156.14						15,558,156.14	1,133,609.06	16,691,765.20

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

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

Last Period

In RMB

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

III. Increase/ Decrease in the period (Decrease is listed with “-”)	14,674,166.00	-			12,493,667.73	-26,430,571.38	61,187.61				8,879,013.50		8,202,938.76	-8,898,567.61	-695,628.85
(i) Total comprehensive income							61,187.61				60,375,199.25		60,436,386.86	12,419,992.39	72,856,379.25
(ii) Owners’ devoted and decreased capital	14,674,166.00	-			12,493,667.73	-26,430,571.38							-737,262.35		-737,262.35
1.Common shares invested by shareholders	14,674,166.00	-			12,493,667.73	-26,430,571.38							-737,262.35		-737,262.35
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other															
(iii) Profit distribution											-51,496,185.75		51,496,185.75	21,318,560.00	-72,814,745.75
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)											-51,496,185.75		51,496,185.75	21,318,560.00	-72,814,745.75
4. Other															
(iv) Carrying forward internal owners’ equity															
1. Capital reserves 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

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

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

This Period

In RMB

Item	Semi-annual of 2023											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive 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	1,029,923,715.00				2,740,508,510.57			687,069.38	440,983,306.30	1,064,136,866.98		5,276,239,468.23
Add: Changes of accounting policy									17,219.50	154,975.45		172,194.95
Error correction of the last period												
Other												
II. The beginning balance of the current year	1,029,923,715.00				2,740,508,510.57			687,069.38	441,000,525.80	1,064,291,842.43		5,276,411,663.18
III. Increase/ Decrease in the period (Decrease is listed with “-”)								1,544,823.02		78,388,703.87		79,933,526.89
(i) Total comprehensive income										171,081,838.22		171,081,838.22
(ii) Owners’ devoted and decreased capital												
1. Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(iii) Profit distribution										-92,693,134.35		-92,693,134.35
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-92,693,134.35		-92,693,134.35
3. Other												
(iv) Carrying forward internal owners’ equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												

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

Legal Representative: Wu Dinggang
Last period

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

In RMB

Item	Semi-annual of 2022											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. The ending balance of the previous year	1,044,597,881.00				2,753,002,178.30	26,430,571.38			422,893,071.22	952,820,937.05		5,146,883,496.19
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. The beginning balance of the current year	1,044,597,881.00				2,753,002,178.30	26,430,571.38			422,893,071.22	952,820,937.05		5,146,883,496.19
III. Increase/ Decrease in the	-14,674,166.00				-12,493,667.73	-26,430,571.38				2,020,721.40		1,283,459.05

period (Decrease is listed with “-”)												
(i) Total comprehensive income										53,516,907.15		53,516,907.15
(ii) Owners’ devoted and decreased capital	-14,674,166.00				-12,493,667.73	-26,430,571.38						-737,262.35
1. Common shares invested by shareholders	-14,674,166.00				-12,493,667.73	-26,430,571.38						-737,262.35
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(iii) Profit distribution										-51,496,185.75		-51,496,185.75
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-51,496,185.75		-51,496,185.75
3. Other												
(iv) Carrying forward internal owners’ equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(v) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												

(vi) Others												
IV. Balance at the end of the period	1,029,923,715.00				2,740,508,510.57				422,893,071.22	954,841,658.45		5,148,166,955.24

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

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

From 1 January 2023 to 30 June 2023

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

I. Company profile

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

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

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

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

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

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

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

From 1 January 2023 to 30 June 2023

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

totally 116,731,500 RMB ordinary shares (A stock) were offering privately to target investors with issue price of RMB 10.28/share. Capital collecting amounting to RMB 1,199,999,820 after issuing expenses RMB 22,045,500 deducted, net capital collected amounting to RMB 1,177,954,320, and paid-in capital (share capital) increased RMB 116,731,500 with capital reserve (share premium) RMB 1,061,106,088.5 increased. The increasing capital has been verified by Capital Verification Report No.: [XYZH2010CDA6021] issued from Shin Wing CPA Co., Ltd.

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

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

On November 18, 2015, considered and approved by the 12th Session of the 8th BOD of the company and the first extraordinary general meeting in 2016, and approved by the document of China Securities Regulatory Commission [CSRC License No. (2016) 1396] “Reply to the approval of non-public offering of shares of Hefei Meiling Co., Ltd.”, the company has actually raised funds of 1,569,999,998.84 yuan by non-public offering of no more than 334,042,553 new shares at face value of 1 yuan per share and with issue price no less than 4.70 yuan per share, after deducting the issue costs of 29,267,276.08 yuan, the net amount of raised funds is 1,540,732,722.76 yuan, the increased paid-in capital (share capital) of 280,858,676.00 yuan, increased capital reserve (share premium) of 1,259,874,046.76 yuan. This capital increase has been verified by No. [XYZH2016CDA40272] capital verification report of Shine Wing Certified Public Accountants (LLP).

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

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

From 1 January 2023 to 30 June 2023

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

Ended as June 30, 2023, total share capital of the Company amounting to 1,029,923,715 shares with ordinary shares in full. Among which, 881,733,881 shares of A-share accounting 85.61% in total shares while B-share with 148,189,834 shares accounting 14.39% in total shares. Specific capital structure is as follows:

Type of stock	Quantity	Proportion
(I)Restricted shares	8,111,315	0.79%
1. State-owned shares		
2. State-owned legal person's shares	1,141,053	0.11%
3. Other domestic shares	5,280,369	0.51%
Including: Domestic legal person's shares	3,363,539	0.33%
Domestic natural person's shares	1,916,830	0.18%
4. Foreign shares	1,689,893	0.17%
Including: Overseas legal person's shares		
Overseas natural person's shares	1,689,893	0.17%
(II)Unrestricted shares	1,021,812,400	99.21%
1. RMB Ordinary shares	875,312,459	84.99%
2. Domestically listed foreign shares	146,499,941	14.22%
3. Overseas listed foreign shares		
4. Others		
Total shares	1,029,923,715	100.00%

The Company belongs to the manufacture of light industry, and engaged in the production and sale of refrigerator, freezer and air-conditioner. Unified social credit code of the Company: 9134000014918555XK; Address: No.2163, Lianhua Road, Economy and Technology Development Zone, Hefei City; Legal Representative: Wu Dinggang; register capital (paid-in capital): 1,029,923,715 yuan; type of company: limited liability company(joint venture and listed of Taiwan, Hong Kong and Macao) Business Scope: R&D, manufacture and sales of cooling apparatus, air-conditioner, washing machine, water heater, kitchenware, home decoration, bathroom, lamps & lanterns, household & similar appliance, injection plastic machine of computer controlling, plastic products, metalwork, packaging products and decorations as well as the installation and technical consultant services. Business of self-produced products, technology export and import-export of the raw& auxiliary materials, machinery equipment, instrument and technology; department sales and transportation (Excluding dangerous chemicals), computer network system integration, intelligent product system integration, software development and technical information services, development, production, sales and service of automation equipment and electronic products, sales services of cold chain transport vehicles and refrigerator and freezer van, development, production, sales and service of cold chain insulation boxes, research and development, production, sales and service of cold storage, commercial freezer chain display cabinets, commercial cold chain products.(Projects that require approval in accordance with the law can only be operated after approval by relevant departments)

II. Scope of consolidated financial statement

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

From 1 January 2023 to 30 June 2023

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

In the reporting period, the consolidated financial statements of the Company cover 24 subsidiaries, including Sichuan Changhong Air-conditioner Co., Ltd, Zhongshan Changhong Electric Co., Ltd. and Zhongke Meiling Cryogenic Technology Co., Ltd, and the rest.

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

III. Basis for preparation of financial statement

1. Basis for preparation

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

2. Continuous operation

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

IV. Significant Accounting Policy and accounting Estimation

1. Statement on observation of accounting standards for enterprise

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

2. Accounting period

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

3. Operation cycle

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

4. Standard currency for accounting

The Company takes RMB as the standard currency for accounting.

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

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

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

From 1 January 2023 to 30 June 2023

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

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

6. Measures on Preparation of Consolidated Financial Statements

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

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

All the material inter-company transactions, non-extraordinary items and unrealized profit within the combination scope are written-off when preparing consolidated financial statement. Owners' equity of subsidiary not attributable to parent company and current net gains and losses, other comprehensive income and total comprehensive income attributable to minority shareholders are recognized as non-controlling interests, minority interests, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders in consolidated financial statement respectively. As for subsidiary acquired through business combination under common control, its operating results and cash flow will be included in consolidated financial statement since the beginning of the period when combination occurs. When preparing comparative consolidated financial statement, the relevant items in previous years financial statement shall be adjusted as if the reporting entity formed upon combination has been existing since the ultimate controller commenced relevant control.

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

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

From 1 January 2023 to 30 June 2023

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

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

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

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

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

As for disposal of part equity investment which leads to losing control over the investee, the Company would re-measure the remaining equity interests at their fair value as of the date when the Company loses control over the investee when preparing consolidated financial statement. The sum of consideration received from

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

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

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

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

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

8. Cash and cash equivalents

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

9. Foreign currency business and foreign currency financial statement conversion

(1) Foreign currency business

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

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change of fair value. As for the foreign currency non-monetary items measured by historical cost, conversion is made with the spot exchange rate as of the business day, with no change in RMB amount.

(2) Conversion of foreign currency financial statement

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

10. Financial assets and liabilities

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

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

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

(2) Category and measurement on financial assets

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

1) The financial assets measured at amortized cost

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

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

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

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

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

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(3) Devaluation of financial instrument

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

Credit loss refers to the difference between all contractual cash flows that the Company discounts at the original actual interest rate and are receivable in accordance with contract and all cash flows expected to be received, that is, the present value of all cash shortages. Among them, for the purchase or source of financial assets that have suffered credit impairment, the Company discounts the financial assets at the actual interest rate adjusted by credit.

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

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

① Evaluate expected credit losses based on individual items: credit notes receivable (including accepted letters of credit) of financial institutions in notes receivable and accounts receivable, and related party payments (related parties under the same control and significant related parties); dividends receivable, interest receivable, reserve funds, investment loans, cash deposits (including warranty), government grants (including dismantling subsidies) in other receivables, and receivables with significant financing components (i.e. long-term receivables);

② Evaluate expected credit losses based on customer credit characteristics and ageing combinations: in addition to evaluating expected credit losses based on individual items, the Group evaluates the expected credit losses of notes receivable and accounts receivable and other receivables financial instruments based on customer credit characteristics and ageing combinations.

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

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

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value through profit or loss, financial assets measured at fair value and whose changes are recognized in other comprehensive income; other financial assets measured at amortized cost (such as other current assets, other non-current financial assets, etc.).

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

The financial assets meet one of following requirements will be terminated recognition: ① The contract rights of collecting cash flow of the financial assets is terminated; ②The financial assets has already been transferred, and the Company has transferred almost all risks and remunerations of financial assets ownership to the transferee; ③The financial assets has been transferred, even though the Company has neither transferred nor kept almost all risks and remunerations of financial assets ownership, the Company has given up controlling the financial assets.

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

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

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

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

(5) Category and measurement of financial liability

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

① the financial liability measured by fair value and with variation reckoned into current gains/losses

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

② Other financial liability

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

③ Financial guarantee contract

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

(6) Termination of recognition of financial liability

The financial liability or part of it can only be terminated for recognized when all or part of the current obligation of the financial liability has been discharged. The Group (debtor) and the creditor sign an agreement to replace the existing financial liabilities with new financial liabilities, and if the contract terms of the new 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

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liability is terminated for recognized in whole or in part, the difference between the carrying amount of the part that terminated for recognized and the consideration paid (including the transferred non-cash assets or the assumed new financial liabilities) is included in current profits and losses.

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

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

(8) Derivatives and embedded derivatives

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

(9) Equity instrument

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

11. Inventory

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

Perpetual inventory system is applicable to inventories. For daily calculation, standard price is adopted for raw materials, low-value consumption goods and stock goods. Switch-back cost of the current month is adjusted by distribution price difference at the end of the month, the dispatched goods will share the cost differences of inventory while in settlement the business income; and low-value consumption goods is carried forward at once when being applied for use and the mould shall be amortized within one year after receipt.

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

12. Contract assets

(1) Confirmation methods and standards of contract assets

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

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

For the determination method for expected credit loss of contract assets, please refer to the above-mentioned

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

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

13. Contract cost

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

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

The contract performance cost is the cost incurred by the Company for the performance of the contract, those that do not fall within the scope of other accounting standards and meet the following conditions at the same time are recognized as an asset as the contract performance cost: the cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clarified to be borne by the customer, and other costs incurred solely due to the contract; this cost increases the Company's future resources for fulfilling the contract's performance obligations; this cost is expected to be recovered.

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

(2) Amortization of assets related to contract costs

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

(3) Impairment of assets related to contract costs

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

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

14. Long-term equity investment

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

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For long-term equity investments acquired through business combination under common control, the initial investment cost shall be the acquirer's share of the carrying amount of net assets of the acquiree as of the combination date as reflected in the consolidated financial statement of the ultimate controller. If the carrying amount of net assets of the acquiree as of the combination date is negative, the investment cost of long-term equity investment shall be zero. For long-term equity investment acquired through business combination not under common control, the initial investment cost shall be the combination cost.

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

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

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

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

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the investee adopts to directly dispose the relevant assets or liabilities when ceasing adoption of equity method calculation; and also switches to cost method for calculating the long-term equity investments which entitles the Company to have conduct control over the invested units due to its additional investments; and switches to equity method for calculating the long-term equity investments which entitles the Company to conduct common control or significant influence, while no control over the invested units due to its additional investments, or the long-term equity investments which entitles the Company with no control over the invested units any longer while with common control or significant influence.

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

15. Investment real estate

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

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

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

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

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

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estate. The amount of income from disposal, transfer, discarding as scrap or damage of investment real estate after deducting the asset's carrying value and relevant taxation shall be written into current gains and losses.

16.Fixed assets

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

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

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

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

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

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

17. Construction in progress

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

18. Borrowing expense

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

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

19. Right-of-use assets

Upon becoming a lessee under a lease contract, the Company is entitled to receive substantially all of the economic benefits, arising from the use of the identified assets during the period of use and is entitled to recognized the right-of-use assets at the sum of the present value of the lease liability, prepaid rent and initial direct costs, and to recognized the depreciation and interest expenses respectively, when the use of the identified assets dominates during that period of use.

When the Company becomes the lessee of a lease contract, for short-term leases of less than one year without a purchase option and leases with a value of less than 40000 yuan (excluding sublease or expected sublease

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assets), the Company elects to follow simplified treatment and record the related assets at cost or current gain/loss on a straight-line basis over the lease period.

20. Intangible assets

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

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

21. Research and development

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

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

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

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

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

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

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

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22. Impairment of long-term assets

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

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

Indications for impairment are as follows:

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

23. Contract liability

Contract liabilities reflect the Company's obligation to transfer goods to customers for consideration received or receivable from customers. Before the Company transfers the goods to the customer, if the customer has paid the contract consideration or the Company has obtained the right to unconditionally receive the contract consideration, the contract liability is recognized based on the received or receivable amount at the earlier time point of the actual payment by the customer and the payment due.

24. Goodwill

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

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

25. Long-term deferred expenses

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

26. Staff remuneration

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

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

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

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

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

27. Lease liability

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

28. Accrual liability

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

29. Special reserve

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

30. Revenue

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

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

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

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

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

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

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

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

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

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

31. Government subsidy

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

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

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

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

32. Deferred Income Tax Assets and Deferred Income Tax Liabilities

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

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The Company recognizes deferred income tax assets to the extent of future taxable income tax which is likely to be obtained to offset deductible temporary difference, deductible losses and tax credits. For the confirmed deferred income tax assets, the book value of deferred income tax assets shall be written down when it is estimated that it is likely that sufficient taxable income will not be obtained to offset the deferred income tax assets in the future. When sufficient taxable income is likely to be obtained, the amount written down will be reversed.

33. Lease

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

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

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

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

The lease change needs to be judged whether it can be recognized as a single leasing business, and it needs to be recognized separately if it meets the recognition conditions of a single lease; if it does not meet the recognition of a single leasing business, or there is a major event or change within the controllable range of the 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

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still needs to be further reduced, the lessee shall include the remaining amount in the corresponding expenses for the current period.

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

34. Held-for-sale

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

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

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

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

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

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

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

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

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

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

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35. Discontinued operation

A discontinued operation is a separately identified component of the Group that either has been disposed of or is classified as held for sale, and satisfies one of the following conditions: (1) represents a separate major line of business or geographical area of operations; (2) is part of a single co-ordinate plan to dispose of a separate major line of business or geographical area of operations; and (3) is a subsidiary acquired exclusively with a view to resale.

36. Income tax accounting

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

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

37. Segment information

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

38. Explanation on significant accounting estimation

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

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

(1) Inventory impairment provision

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

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

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

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

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

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

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

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

(5) Projected liabilities arising from product quality guarantee

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

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

39. Other comprehensive income

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

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

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

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

40. Change of significant accounting policies and accounting estimates

(1) Change of significant accounting policy

Contents and reasons of changes in accounting policies	Approval procedure	Remark
On November 30, 2022, the Ministry of Finance issued the "Interpretation of Accounting Standards for Business Enterprises No. 16". When preparing the financial statements for the half year of 2023, the company implemented the relevant accounting standards interpretation and processed them in accordance with relevant bridging regulations.	Relevant accounting policy changes have been approved at the 32nd meeting of the 10th Board of Directors of the Company	

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

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

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

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

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

V. Taxation

1. Major taxes and tax rates

Tax (expenses)	Tax (expenses) base	Tax (expenses) rate
VAT	Income from sales of goods and from processing	13%,9%,6%,5%,3%
Urban maintenance and construction tax	Turnover tax	5% or 7%
Education surcharge	Turnover tax	3%
Local education surcharge	Turnover tax	2%
Corporate income tax	Taxable income	15%,20%,25%,22%,29%,30%
House Property Tax	Original Book value of house property×(1-30%) or annual rent income	1.2% or 12%
Land use tax	Actual land area used	1 yuan/M ² to 15 yuan/M ²

Description of taxpayers with different corporate income tax rates:

Name	Income tax rate
Changhong Meiling Co., Ltd.	15%
Zhongke Meiling Cryogenic Technology Co., Ltd.	15%
Zhongshan Changhong Electric Co., Ltd.	15%

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Name	Income tax rate
Sichuan Hongmei Intelligent Technology Co., Ltd.	15%
Mianyang Meiling Refrigeration Co., Ltd.	15%
Changhong Meiling Ridian Technology Co., Ltd.	15%
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	15%
Hefei Meiling Nonferrous Metal Products Co., Ltd.	15%
Jiangxi Meiling Electric Appliance Co., Ltd.	15%
Sichuan Changhong Air-conditioner Co., Ltd.	15%
Hebei Hongmao Daily Appliance Technology Co., Ltd.	15%
Anhui Tuoxing Technology Co., Ltd.	20%
Guangzhou Changhong Trading Co., Ltd.	20%
Anhui Ling'an Medical Equipment Co., Ltd	20%
Hefei Meiling Wulian Technology Co., Ltd	15%
Hefei Changhong Meiling Life appliance Co., Ltd.	15%
CH-Meiling International (Philippines) Inc.	30%
Changhong Ruba Trading Company (Private) Limited	29%
CHANGHONG MEILING ELECTRIC INDONESIA,PT	22%

2. Preferential tax

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

(2) On August 17, 2020, the subsidiary Zhongke Meiling Cryogenic Technology Co., Ltd. obtained the high-tech enterprise certificate numbered GR202034000072 approved by the Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Finance, and Anhui Provincial Taxation Bureau of the State Administration of Taxation, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

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

(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

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the Western Development, and the corporate income tax is levied at a reduced tax rate of 15%, valid until December 31, 2030.

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

(7) The subsidiary Hong Yuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd. has passed the qualification of high-tech enterprise certification on 22 December 2022, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

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

(9) The subsidiary Jiangxi Meiling Electric Appliance Co., Ltd. has passed the qualification of high-tech enterprise certification on 4 November 2022, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

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

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

(12) The subsidiary Anhui Tuoxing Technology Co., Ltd., Anhui Ling'an Medical Equipment Co., Ltd., Hefei Meiling Wulian Technology Co., Ltd., Guangzhou Changhong Trading Co., Ltd. are in compliance with the relevant standards for small and medium-sized enterprises with meager profits in the "Notice on matters related to the implementation of preferential income tax policy to support the development of small & medium-size enterprise and individual entrepreneurs" (Guoshui [2021] No. 8) and "Notice on Further Implementation of Preferential Income Tax Policies for Small & Micro Enterprises (No.: 6 of 2023)" of the Ministry of Finance and the State Administration of Taxation, and temporarily implements below policies: the part of annual taxable income that does not exceed one million yuan is included in taxable income by 25% after a reduction, and corporate income tax is paid at a tax rate of 20%, valid until December 31, 2024; while the part of annual taxable income exceeds one million yuan but not exceeding three million yuan is included in taxable income by 25% after a reduction, and corporate income tax is paid at a tax rate of 20%, which is valid until December 31, 2024.

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

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

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

With respect to the financial statements' figures disclosed below, unless otherwise specified, "period-beginning" refers to Jan. 1, 2023; "period-end" refers to Jun. 30, 2023; "Current Period" refers to Jan. 1 to Jun. 30, 2023; "the last period" refers to Jan. 1 to Jun. 30, 2022; the currency is RMB.

1. Monetary fund

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

Other monetary fund:

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

(1) At the end of Team, the funds deposited in Sichuan Changhong Group Finance Co., Ltd. (hereinafter referred to as "Changhong Finance Company", a non-bank financial institution approved by China Banking Regulatory Commission (CBRC) [YJF (2013) No.423]) were converted into functional currency, totalling RMB3,692,770,838.31, of which RMB 2,351,440,000.00 was time deposit, RMB1,183,730,703.78 was current deposit, and RMB 157,600,134.53 was the earnest money.

(2) The restricted monetary funds are the earnest money of RMB 603,498,782.91, the restricted balance of the co-management account of RMB506,802.20, and the bank deposit of RMB 28,205,368.21 frozen due to litigation.

2. Tradable financial assets

Item	Balance at year-end	Balance at year-begin
Financial assets measured at fair value and whose changes are included in current gains/losses	192,881,811.89	57,660,588.67

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Item	Balance at year-end	Balance at year-begin
Including: Derivative financial assets	72,248,082.82	57,660,588.67
Principal and interest of wealth management products	120,633,729.07	

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

3. Note receivable

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

N/A

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

Item	Amount of accounts receivable transferred at year-end
Bank acceptance	300,000.00
Trade acceptance	75,254,715.65
Total	75,554,715.65

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

N/A

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

4. Account receivable

(1) Category of account receivable by bad debt accrual

Category	Amount at year-end				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Account receivable that withdrawal bad debt provision by single item	895,845,148.80	30.62	140,437,086.19	15.68	755,408,062.61
Including: current payment with related party	827,188,790.93	28.27	112,043,400.74	13.55	715,145,390.19
Account receivable with letter of credit	32,327,946.92	1.11			32,327,946.92
Account receivable with single minor amount but withdrawal single item bad debt provision	36,328,410.95	1.24	28,393,685.45	78.16	7,934,725.50
Account receivable withdrawal bad debt provision by portfolio	2,030,047,327.08	69.38	158,530,311.75	7.81	1,871,517,015.33
Including: account receivable of engineering customers	209,090,087.00	7.15	37,951,059.38	18.15	171,139,027.62
Receivables other than engineering customers	1,820,957,240.08	62.23	120,579,252.37	6.62	1,700,377,987.71
Total	2,925,892,475.88	100.00	298,967,397.94	10.22	2,626,925,077.94

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

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

Account receivable with single minor amount but withdrawal bad debt provision singly, refers to the minor single receivables, and withdrawal bad debt provision by combination shows no risk characteristic of the receivables, 87 clients involved.

2) Account receivable withdrawal bad debt provision by portfolio

A. Account receivable of engineering customers

Account age	Balance at year-end		
	Book balance	Bad debt provision	Provision ratio (%)
Within 3 months (3 months included)	20,993,865.75		
More than 3 months and less than 6 months (6 months included)	18,706,778.91		
Over 6 months and within one year (One year included)	49,497,042.61		
Over one year - within 2 years (2 years included)	97,118,733.29	19,423,746.66	20.00
Over 2 years - within 3 years (3 years included)	8,492,707.44	4,246,353.72	50.00
Over 3 years	14,280,959.00	14,280,959.00	100.00
Total	209,090,087.00	37,951,059.38	-

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Account age	Balance at year-begin		
	Book balance	Bad debt provision	Provision ratio (%)
Within 3 months (3 months included)	46,445,327.67		
More than 3 months and less than 6 months (6 months included)	18,955,344.03		
Over 6 months and within one year (One year included)	42,492,137.30		
Over one year - within 2 years (2 years included)	73,286,167.38	14,657,233.48	20.00
Over 2 years - within 3 years (3 years included)	20,231,872.32	10,115,936.16	50.00
Over 3 years			100.00
Total	201,410,848.70	24,773,169.64	

B. Receivables other than engineering customers

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

Continued

Account age	Balance at year-begin		
	Book balance	Bad debt provision	Provision ratio (%)
Within 3 months (3 months included)	388,904,609.29	3,889,046.09	1.00
More than 3 months and less than 6 months (6 months included)	27,600,654.77	2,760,065.48	10.00
Over 6 months and within one year (One year included)	11,098,413.19	2,219,682.64	20.00
Over one year - within 2 years (2 years included)	136,495,488.03	68,247,744.02	50.00
Over 2 years - within 3 years (3 years included)	9,874,225.80	7,899,380.64	80.00
Over 3 years	8,867,368.19	8,867,368.19	100.00

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Account age	Balance at year-begin		
	Book balance	Bad debt provision	Provision ratio (%)
Total	582,840,759.27	93,883,287.06	

(2) By account age

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

(3) Bad debt provision of accounts receivable this year

Category	Balance at year-begin	Changes this year				Balance at year-end
		Accrual	Withdrawal or reversal	Resale or write-off	Other decreases	
Bad debt provision	258,691,889.30	46,016,573.15	3,588,165.07	-	2,152,899.44	298,967,397.94
Total	258,691,889.30	46,016,573.15	3,588,165.07	-	2,152,899.44	298,967,397.94

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

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

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

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

5. Receivables financing

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

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

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

Note: with purpose of improving the note utilization, the Company draw up bank acceptance by pledge parts of the outstanding notes receivable to the bank. For details of the pledge of bills receivable, see Note VI.64. Assets with restricted ownership or use rights.

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

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

6. Accounts paid in advance

(1) Age of account paid in advance

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

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

7. Other account receivable

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

(1) Category of other account receivable

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

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Nature	Book balance at period-end	Book balance at period-begin
Other	503,366.48	1,174,866.78
Total	85,716,178.71	91,336,761.77

(2) Other account receivable bad debt reserves

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
Balance as at 1 Jan. 2023		1,690,724.90	1,291,233.63	2,981,958.53
Book balance of other account receivable in Current Period as at 1 Jan. 2023				
--Transfer to the second stage				
-- Transfer to the third stage				
-- Reversal to the second stage				
-- Reversal to the first stage				
Provision in Current Period		-1,346,818.25		-1,346,818.25
Reversal in Current Period				
Conversion in Current Period				
Write off in Current Period				
Other change		418.20		418.20
Balance as at 30 Jun. 2023		344,324.85	1,291,233.63	1,635,558.48

(3) By account age

Account age	Ending balance	Opening balance
Within 3 months (3 months included)	70,162,312.05	32,703,626.46
More than 3 months and less than 6 months (6 months included)	2,105,772.11	3,033,052.73
Over 6 months and within one year (One year included)	2,121,730.11	9,242,123.46
Over one year - within 2 years (2 years included)	4,722,444.01	16,985,265.38
Over 2 years - within 3 years (3 years included)	1,969,439.00	22,359,916.12
Over 3 years	4,634,481.43	7,012,777.62
Total	85,716,178.71	91,336,761.77

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

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

(5) No other account receivable involved government subsidies

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

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

8. Inventories

(1) Classification of inventories

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

(Continued)

Item	Opening balance		
	Book balance	Inventory price decline provision/contract performance cost impairment provision	Book value
Raw materials	174,848,711.84	6,676,011.97	168,172,699.87
Stock commodities	938,676,768.88	48,374,183.50	890,302,585.38

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Item	Opening balance		
	Book balance	Inventory price decline provision/contract performance cost impairment provision	Book value
Low value consumable articles	2,653,770.39	871,871.72	1,781,898.67
Goods in transit	578,924,325.36	6,074,817.77	572,849,507.59
Goods-in-process	7,901,880.53		7,901,880.53
Contract performance cost	41,622,651.08		41,622,651.08
Deferred expense for mould	27,675,710.59		27,675,710.59
Total	1,772,303,818.67	61,996,884.96	1,710,306,933.71

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

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

(3) Accrual for inventory falling price reserves

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

9. Contract assets

(1) Contract assets

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

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

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

10. Non-current assets coming due within one year

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

11. Other current assets

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

12. Creditor's rights investment

Items	Balance at year-end			Balance at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Large certificates of deposit	182,033,111.11		182,033,111.11	121,543,750.00		121,543,750.00
Total	182,033,111.11		182,033,111.11	121,543,750.00		121,543,750.00

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13. Long-term equity investment

Invested enterprise	Balance at year-begin	Changes in Current Year								Balance at year-end	Balance at year-end of impairment
		Addition investment	Disinvestment	Investment profit and loss confirmed by equity method	Other comprehensive income adjustment	Other changes of equity	Declaration of cash dividends or profits	Provision for impairment	Other		
Associated companies											
1.Hefei Xingmei Assets Management Co., Ltd.	19,899,176.44			-13,428.80			5,793,600.00			14,092,147.64	
2.Sichuan Zhiyijia Network Technology Co., Ltd. <small>note1</small>	51,850,179.61			11,553,358.32			1,629,022.64			61,774,515.29	
3.Hong Yuan Ground Energy Heat Tech. Co., Ltd. <small>note2</small>	17,019,041.81			-555,510.55						16,463,531.26	
4.Sichuan Tianyou Guigu Technology Co., Ltd. <small>note3</small>	3,110,581.87			-165,237.44						2,945,344.43	
5.Chengdu Guigu Environmental Tech. Co., Ltd. <small>note4</small>	8,505,448.77			-452,192.09						8,053,256.68	
6.ChanghongRuba Electric Company(Private)Ltd.											
7.Hefei Xinmei Solar Energy Technology Co., Ltd. <small>note6</small>				2,177,980.00			2,177,980.00				
Total	100,384,428.50			12,544,969.44			9,600,602.64			103,328,795.30	

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

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

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

Note 4: Chengdu Guigu Environmental Tech. Co., Ltd. was incorporated on 22 May 2013 with registered capital of 40 million yuan. Our subsidiary Changhong Air Conditioner made capital contribution of 10 million yuan, accounting for 25% of the registered capital. Chengdu Jiaodao Property Development Company made capital contribution of 8 million yuan, accounting for 20% of the

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

Note 5: Zhongshan Changhong, a subsidiary of the Company, entered into a supplemental joint venture agreement with RUBA Comprehensive Trading Company in 2017, pursuant to which, both parties agreed to increase capital contribution of US\$ 1,130,191.00, among which, Zhongshan Changhong subscribed to contribute US\$ 452,076.00 (equivalent to 3,001,649.02 yuan on the actual contribution date) according to the original shareholding proportion of 40% and RUBA Comprehensive Trading Company subscribed to contribute US\$ 678,115.00 according to the original shareholding proportion of 60%.

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

14. Other non-current financial assets

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

15. Investment real estate

(1) Investment real estate measured at costs

Item	House and buildings	Total
I.Original book value		
1.Balance at year-begin	62,361,143.47	62,361,143.47

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Item	House and buildings	Total
2.Increase in this year		
3.Decrease in this year		
4.Balance at year-end	62,361,143.47	62,361,143.47
II.Accumulated depreciation and accumulated amortization		
1.Balance at year-begin	9,463,082.58	9,463,082.58
2.Increase in this year	988,786.61	988,786.61
(1)Provision or amortization	988,786.61	988,786.61
3.Decrease in this year		
4.Balance at year-end	10,451,869.19	10,451,869.19
III.Impairment provision		
IV.Book value		
1.Ending book value	51,909,274.28	51,909,274.28
2. Opening book value	52,898,060.89	52,898,060.89

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

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

Name	Original book value	Accumulated depreciation	Impairment provision	Book value
House and buildings	5,795,017.72	2,607,186.17		3,187,831.55

(4) Investment real estate without property certification held

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

16. Fixed assets

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

16.1 Fixed assets

(1) Fixed assets

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

The new fixed assets in this year mainly due to the 88,943,576.07 yuan transfer from construction in process; decrease of the fixed assets in Current Year mainly including assets dispose for retirement.

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

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

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

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

(4) Fixed assets without property certificate

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

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

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

16.2 Disposal of fixed assets

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

Pursuant to the urban planning requirements of Hefei Municipal Government and the Government of Feidong county, the land reserve center of Feidong county will purchase and store the land use right of an economic development zone located at Feidong county, Hefei city, which is owned by the Company's subordinate companies, Equator Electric and Equator Home Appliance, respectively, with an area of 19,245.09 sq.m. (Approximately 28.87 mu, Land Use Right Certificate No.: Dong Guo Yong (2008) No. 0366, the stated use of the land is for industrial purpose) and an area of 46,161.9 sq.m. (Approximately 69.24 mu, Land Use Right Certificate No.: Dong Guo Yong (2008) No. 0367, the stated use of the land is for industrial purpose). The total consideration for purchasing and storage is approximately 36 million yuan, of which the consideration for the land use right owned by Equator Electric and Equator Home Appliance is approximately 10.59 million yuan and 25.41 million yuan, respectively. The Company has completed the relocation of occupants of the premises, and the net fixed assets in relation to the land will transfer as disposal, accounting treatment will be conduct in line with relevant rules upon receiving of the relocation compensation.

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

17. Construction in progress

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

(1) Details of construction in progress

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

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Items	Amount at year-end			Amount at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Total	62,914,871.29		62,914,871.29	66,522,492.77		66,522,492.77

(2) Changes in significant construction in progress

Projects	Book balance at period-begin	Increase in Current Period	Transfer to fixed assets in Current Period	Other decrease	Book balance at period-end	Source of funds
Front-end expansion project of Hefei base with an annual output of 10 million refrigerator cabinets	3,242,813.99	118,902.28			3,361,716.27	Self-raised

(Continued)

Projects	Budget (in 10 thousand Yuan)	Proportion of project investment in budget	Progress	Accumulated amount of interest capitalization	including: interest capitalized amount of Current Period	Interest capitalization rate of Current Period
Front-end expansion project of Hefei base with an annual output of 10 million refrigerator cabinets	4,121.24	77%	85%			

18. Right-of-use assets

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

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

The Company accrual the depreciation on right-of-use assets from the commencement date of the lease period. Depending on use of the assets, amount of accrual will included in costs of relevant assets or current gain/loss.

19. Intangible assets

(1) Intangible assets

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

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The intangible assets resulted from internal research takes 4.05% of the balance of intangible assets at year-end

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

(3) Up to end of June 2023, mortgage of intangible assets is as follows:

Name	Property certificate serials	Area(M ²)	Net book value	Note
Land use right	HGYJCZi No.: 0121	27,120.22	16,152,510.89	
Land use right	Wan (2019) Property right of Hefei No.: 1148244/1148249/1148243/1148240/1148248/1148246/1148241/ 1148238/1149101/1148242/1148245/1148239/1148237/1148250/ 1148247/1149102	477,550.03	222,085,682.43	
Land use right	Wan (2019) Property right of Feixi County No.: 0061435/0061445	33,383.10	12,709,009.31	
Land use right	Wan (2019) Property right of Feixi County No.: 0061456/0061447/0061438/0061440/0061452/0061450/0061430/ 0061657	82,850.51	17,524,515.89	
Total		620,903.86	268,471,718.52	

20. Development expense

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

21. Goodwill

(1) Original value of goodwill

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

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(2) Impairment loss of goodwill

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

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

22. Long-term prepaid expenses

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

23. Deferred tax assets and deferred tax liabilities

(1) Deferred income tax assets without the offset

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

(2) Deferred income tax liabilities without the offset

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

(3) Details of unrecognized deferred income tax assets

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

24. Other non-current assets

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

25. Short-term loans

(1) Classification of short-term loan

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

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

26. Trading financial liability

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

27. Note payable

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

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

28. Account payable

(1) Account payable

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

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

29. Contract liabilities

Item	Balance at year-end	Balance at year-begin
Total	355,486,232.62	358,755,397.77
Including: Amount aged over 1 year	52,336,364.63	29,823,819.05

30. Wages payable

(1) Category

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

(2) Short-term compensation

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

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

(3) Defined contribution plans

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

31. Tax payable

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

32. Other account payable

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

32.1 Dividend payable

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

31.2 Other account payable

(1) Other account payable by nature

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

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

33. Non-current liability due within one year

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

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

34. Other current liabilities

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

35. Long term borrowings

(1) Category of long term borrowings

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

(2) Long-term borrowings at period-end

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

Note 1: The Company signed the "Loan Contract (Promoting the Opening-up of Loans in China - Fixed Assets)" with the Export-Import Bank of China Anhui Branch, the Company's fixed assets and intangible assets are used as mortgage for a long-term loan under the contract. And withdrawal of 98,000,000.00 yuan on March 26, 2020. The term of the loan is from March 26, 2020 to November 25, 2026, the interest rate of the loan is determined according to the market quotation rate of the loan with a term of more than 5 years reduced by 0.195%, which fluctuates annually, and the amount of the loan is 98,000,000.00 yuan. The balance at the end of the year is RMB 98,000,000.00.

Note 2: The Company signed the "Loan Contract (Promoting the Opening-up of Loans in China - Fixed Assets)" with the Export-Import Bank of China Anhui Branch, the Company's investment real estate, fixed assets and intangible assets are used as mortgage for the loan. The term of the loan is from December 23, 2019 to November 25, 2026, the interest rate of the loan is determined according to the market quotation rate of the loan with a term of more than 5 years reduced by 0.195%, which fluctuates

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annually, and the amount of the loan is 100,000,000.00 yuan. According to the repayment plan agreed with the bank, the Company has repaid 40,000,000.00 yuan. It plans to repay 10,000,000.00 yuan on December 25, 2023 and repay 20,000,000.00 yuan on June 25, 2024, a total of 30,000,000.00 yuan has been reclassified to non-current liabilities due within one year. The balance at the end of the year is RMB 30,000,000.00.

36. Lease liability

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

37. Long-term payable

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

37.1 Special payable

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end	Reason
Special funds for technological transformation from Zhongshan Changhong	1,145,286.48		96,178.38	1,049,108.10	Technology plan project in Zhongshan City

38. Long-term wage payable

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

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

39. Accrual liability

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

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

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Note2: In November 2021, Zhejiang Teruisi Pharmaceutical Inc. filed a lawsuit against Zhongke Meiling for the "Cold Storage Design, Equipment Purchase and Installation Construction Contract". Currently, quality of the subject under the contract is being authenticated by a third party engineering quality appraisal agency, the initial start-up operation test is now completed. Zhongke Meiling intends to maintain the cold storage project, and the estimated maintenance cost is 1,720,534.42 yuan.

40. Deferred income

(1) Classification of deferred income

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

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(2) Government subsidy

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

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

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

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41. Share capital

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

42. Capital reserve

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

43. Other comprehensive income

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

44. Capital reserve

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

45. Surplus reserves

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

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

46. Retained profit

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

47. Operation income and operation cost

(1) Operation income and operation cost

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

(2) Main business classified according to product

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

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(3) Main business classified according to sales region

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

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

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

48. Business tax and extra charges

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

49. Sales expense

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

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

50. Administration expense

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

51. R&D expenses

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

52. Financial expenses

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

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

53. Other income

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

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

54. Investment income

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

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55. Changes in fair value gains

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

56. Credit impairment loss

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

57. Assets impairment loss

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

58. Asset disposal income

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

59. Non-operation revenue

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

60. Non-operating expenditure

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

61. Income tax expenses

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

62. Other comprehensive income

Found more in 43. Other comprehensive income in VI

63. Items of cash flow statement

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

1) Cash received from other activities relating to operation

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

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

2) Cash paid for other activities relating to operation

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

3) Cash received from other activities relating to investment

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

4) Cash paid for other activities relating to investment

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

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5) Cash received from other activities relating to financing

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

6) Cash paid for other activities relating to financing

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

(2) Supplementary of the consolidated cash flow statement

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

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Item	Current amount	Previous period amount
Other		-71,092,045.78
Net cash flow arising from operation activities	1,410,519,809.81	575,053,217.35
2. Major investment and financing activities that do not involve cash receipts:		
Conversion of debt into capital		
Switching Company bonds due within one year		
financing lease of fixed assets		
3. Net change in cash and cash equivalents:		
Balance at period-end of cash	7,245,577,241.32	5,237,646,245.54
Less: Opening balance of cash	6,113,222,069.76	5,840,194,931.57
Add: Balance at period-end of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	1,132,355,171.56	-602,548,686.03

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

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

(5) Cash and cash equivalent

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

64. Assets with ownership or the right to use restricted

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

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

Note 2: The mortgage of investment real estate, fixed assets, and intangible assets is the mortgage of houses and buildings and land use rights. For details, please refer to Note VI. 35. Long-term loans.

65. Foreign currency

(1) Foreign currency

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

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

(2) Foreign operational entity

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

66. Hedging

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

Hedging instrument is as follows:

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

67. Government subsidy

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

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

VII. Changes of consolidation range

1. Enterprise combined under the different control: nil
2. Enterprise combined under the same control: nil
3. Reversed takeover: nil
4. Disposal of subsidiary: nil
5. Subsidiary liquidated: nil
6. Subsidiary newly established: nil
7. Subsidiary merger by absorption: nil

VIII. Equity in other entity

1. Equity in subsidiary

(1) Composition of the enterprise group

Subsidiary	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
				Directly	Indirectly	
Zhongke Meiling Cryogenic Technology Co., Ltd1)	Hefei	Hefei	Manufacturing and sales	47.4512		Investment establishment
Sichuan Hongmei Intelligent Technology Co., Ltd.2)	Mianyang	Mianyang	Software development		100	Investment establishment
Mianyang Meiling Refrigeration Co., Ltd.3)	Mianyang	Mianyang	Manufacturing and sales	95	5	Investment establishment

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Subsidiary	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
				Directly	Indirectly	
Jiangxi Meiling Electric Appliance Co., Ltd. 4)	Jingdezhen	Jingdezhen	Manufacturing and sales	98.75	1.25	Investment establishment
Hefei Meiling Wulian Technology Co., Ltd.5)	Hefei	Hefei	Software development	100		Investment establishment
Hefei Meiling Electric Appliances Marketing Co., Ltd.6)	Hefei	Hefei	Sales	99.82	0.18	Investment establishment
Wuhan Meizhirong Electric Appliances Marketing Co., Ltd.7)	Wuhan	Wuhan	Sales		92	Investment establishment
Hefei Meiling Nonferrous Metal Products Co., Ltd.8)	Hefei	Hefei	Manufacturing and sales		100	Enterprise combined not under the same control
Changhong Meiling Ridian Technology Co., Ltd.9)	Zhongshan	Zhongshan	Manufacturing and sales	99.0361		Enterprise combined under the same control
CHANGHONG MEILING ELECTRIC INDONESIA, PT 10)	Jakarta	Jakarta	Sales		100	Investment establishment
Changhong Ruba Trading Company (Private) Limited 11)	Pakistan	Pakistan	Sales		60	Investment establishment
Sichuan Changhong Air-conditioner Co., Ltd.12)	Mianyang	Mianyang	Manufacturing and sales	100		Enterprise combined under the same control
Zhongshan Changhong Electric Co., Ltd.13)	Zhongshan	Zhongshan	Manufacturing and sales	90	10	Enterprise combined under the same control
Hefei Meiling Group Holdings Limited.14)	Hefei	Hefei	Manufacturing and sales	100		Enterprise combined not under the same control
Meiling Equator Household Appliance (Hefei) Co., Ltd.15)	Hefei	Hefei	Manufacturing and sales		100	Enterprise combined not under the same control
Hefei Equator Appliance Co., Ltd.16)	Hefei	Hefei	Manufacturing and sales		100	Enterprise combined not under the same control
Ground Energy Heat Pump Tech. Co., Ltd.17)	Mianyang	Mianyang	Manufacturing and sales		51	Investment establishment
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd. 18)	Zhongshan	Zhongshan	Manufacturing and sales		51	Investment establishment
Guangzhou Changhong Trading Co., Ltd.20)	Guangzhou	Guangzhou	Sales		100	Investment establishment
Hebei Hongmao Daily Appliance Technology Co., Ltd.21)	Handan	Handan	Manufacturing and sales		99.0361	Investment establishment
Anhui Tuoxing Technology Co., Ltd.22)	Hefei	Hefei	Manufacturing and sales		47.4512	Investment establishment
CH-Meiling International (Philippines) Inc.22)	Philippines	Philippines	Sales	100		Investment establishment
Hefei Changhong Meiling Life Appliances Co., Ltd. 24)	Hefei	Hefei	Sales	70		Investment establishment
Anhui Ling'an Medical Equipment Co., Ltd. 25)	Lu'an	Lu'an	Manufacturing and sales		47.4512	Investment establishment

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Note:

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

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

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

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

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

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

On September 16, 2022, the Management Committee of China Securities Regulatory Commission issued the Reply on Approving the Registration of Zhongke Meiling Cryogenics Co.,Ltd. to Public Offering of Shares to Unspecified Qualified Investors (ZJXK [2022] No. 2182), which approved the registration application of Zhongke Meiling to Public Offering of Shares to Unspecified Qualified Investors. The price of this issue is RMB 16.00/share, the initial number of shares issued is 24,182,734, and the actual net fund raised is RMB 364,573,394.95. By September 30, 2022, all the above-mentioned raised funds had been received and verified by the Capital Verification Report [XYZH/No. 2022CDAA70693] issued by ShineWing Certified Public Accountants (special general partnership). After the issuance, the share capital of Zhongke Meiling is 96,730,934 shares, and the shareholding ratio of the Company is 47.4512%.

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

3) Mianyang Meiling Refrigeration Co., Ltd. (hereinafter referred to as Mianyang Meiling), a limited liability company jointly set up by the Company and China-tech Meiling Company, was founded on Mar. 6,

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

4) Jiangxi Meiling Electric Appliance Co., Ltd. (hereinafter referred to as Jiangxi Meiling Electric Appliance) was a limited liability company jointly established by the Company and Mianyang Meiling on 23 May 2011. Register capital of the company totally as 50 million yuan, 49.375 million yuan invested by the Company, 98.75% in total register capital while 0.625 million yuan invested by Mianyang Meiling, a 1.25% in total register capital occupied. The initial investment 10.50 million yuan was received dated 13 May 2011 with 10 million yuan from the Company and 0.5 million yuan from Mianyang Meiling. Rest of the capital shall be invested fully within 2 years after the joint ventures established according to capital requirement. The initial investment capital were verified by the Capital Verification Report [JXKYZi (2011) No. 090] issued from Jingdezhen Xingci CPA Co., Ltd. Second capital 39.5 million yuan was fully funded on 28 July 2011, the Company contributed 39.375 million yuan while Mianyang Meiling Company invested 125,000 yuan, the contributions have been verified by the capital verification report [Jing Xing Kuai Yan Zi (2011) No.: 134] issued from JDZ Xingci CPA Co., Ltd.

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

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

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verified by verification report of [Wan Hua Shen Zheng Da Kuai Yan Zi (2010) No. 1514] issued by Anhui Hua Shen Zhengda CPA Co., Ltd.

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

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

9) Changhong Meiling Ridian Technology Co., Ltd. (hereinafter referred to as Ridian Technology) is a limited liability company invested and established by Sichuan Changhong Electric Co., Ltd. (hereinafter referred to as Sichuan Changhong) and Sichuan Changhong Motor Transport Co., Ltd. (hereinafter referred to as Changhong Motor Transport Company) on May 25, 2016. The registered capital and paid-in capital are 40 million yuan, of which Sichuan Changhong has invested 32 million yuan by monetary capital, accounting for 80% of the registered capital; Changhong Motor Transport Company has invested 8 million yuan, accounting for 20% of the registered capital. The official receipts of registered capital have been verified by original Sichuan Junhe Accounting Firm [No. JHYZ (2006) 3027]. Ridian Technology increased registered capital of 43 million yuan on January 4, 2007, changing from 40 million yuan to 83 million yuan, for the newly increased 43 million yuan, Sichuan Changhong invested 1.8 million yuan, Guangdong Xiongfeng Electric Co., Ltd. invested 40 million yuan, and Kou Huameng and other 9 natural person shareholders invested 1.2 million yuan, at the same time, the shareholders' meeting considered and agreed to transfer the investment of 8 million yuan of Changhong Motor Transport Company to Sichuan Changhong Venture Investment Co., Ltd, the structure of the registered capital after changes was that Sichuan Changhong invested 33.8 million yuan, accounting for 40.72%; Guangdong Xiongfeng Electric Co., Ltd. invested 40 million yuan, accounting for 48.19%; Sichuan Changhong Venture Investment Co., Ltd Invested 8 million yuan, accounting for 9.64%; Kou Huameng and other 9 natural person shareholders invested 1.2 million yuan, accounting for 1.45%. The change of registered capital was verified by Zhongshan Promise Accounting Firm [No. ZCHZ (2007)501010].

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

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

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

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

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

11) Changhong Ruba Trading Company (Private) Limited (hereinafter referred to as Changhong Ruba) was a joint venture established by Zhongshan Changhong Appliances Company Limited and RUBA GENERAL TRADING FZE Company ("RUBA") on 5 August 2011 with the approval from Guangdong Development and Reform Commission by issuance of the Approval Relating to Joint Construction of a Manufacturing and Selling Platform Project in Pakistan by Zhongshan Changhong Appliances Company Limited (YFGWZ(2011)958). The resolution of the second extraordinary shareholders' meeting of Zhongshan

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Changhong in 2016 passed the "Proposal on the Company's Capital Increase to Changhong Ruba Trading Company (Private) Limited", and agreed that the company and UAE RUBA Company jointly increase capital to Changhong Ruba Trading Company(Private) Limited which was invested by both sides in Pakistan at an earlier stage, Zhongshan Changhong invested 3.84 million US dollars in this capital increase, and UAE RUBA Company invested 2.56 million US dollars, the shares held by both sides remained unchanged. After the capital increase, the company's registered capital became 12.4 million US dollars, of which Zhongshan Changhong Home Appliances Company Limited invested 7.44 million US dollars in cash, shareholding ratio was 60%, UAE RUBA Company invested 4.96 million US dollars in cash, and shareholding ratio was 40%.

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

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

13) Zhongshan Changhong Electric Co., LTD (hereinafter referred to as Zhongshan Changhong), was the original Guangdong Changhong Electric Co., Ltd., and is a limited liability company jointly set up by Sichuan Changhong and China Minmetals on May 22, 2001. Its registered capital was RMB 80 million upon establishment, of which, Sichuan Changhong invested 72 million yuan, including 69.3 million yuan bidding for the estate/non-estate from original Zhongshan Sanrong Air-conditioner Co., Ltd. And its patent use-right of 2.7 million yuan, accounting for 90% of the registered capital; China Minmetals invested 8 million yuan in monetary capital accounting 10% of the registered capital. The Company changed its name originally from Guangdong Changhong Electric Co., Ltd in July 2003. In December 2009, the Company obtained 90% equity of Zhongshan Changhong by consolidated under same control. 10% equity held by China Minmetals has been transferred by Changhong Air-conditioner on April 11, 2010. On 25 May 2014, the Company increased 36 million yuan to Zhongshan Changhong, and Changhong AC increased 4 million yuan. In 2016, according to

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the overseas development strategy of the Company and the development and operation needs of the subsidiaries, the Company and the wholly-owned subsidiary Changhong Air Conditioning have increased capital of 64 million yuan to Zhongshan Changhong according to the existing shareholding ratio, among which the capital increase of the Company was 57.6 million yuan, and the capital increase of Changhong Air Conditioning was 6.4 million yuan. After the completion of this capital increase, the registered capital Zhongshan Changhong shall increase to 184 million yuan, the shareholding ratio of the company and Changhong Air Conditioning remained unchanged and was still 90% and 10%, of which the Company invested 165.6 million yuan, accounting for 90% of the registered capital, Changhong Air Conditioning invested 18.4 million yuan, accounting for 10% of the registered capital. In March 2020, in accordance with the Company's overseas development strategy and the operation and development needs of its subsidiaries, the Company and its wholly-owned subsidiary Changhong Air Conditioning increased capital of 150 million yuan to Zhongshan Changhong according to the existing shareholding ratios, of which the Company increased capital of 135 million yuan, Changhong Air-Conditioning increased capital of 15 million yuan. After the completion of capital increase, the registered capital of Zhongshan Changhong has increased to 334 million yuan. The Company's and Changhong's shareholding ratios in Zhongshan Changhong remain unchanged at 90% and 10%, of which the Company funded 300.6 million yuan, accounting for 90% of the registered capital, while Changhong Air Conditioning funded 33.4 million yuan, accounting for 10% of the registered capital.

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

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

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yuan after transference, and was not the joint-venture any more. 25% equity owned by Anhui Meiling Electric Co., Ltd has been transferred totally to original Meiling Group in July 2009.

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

17) Hong Yuan Ground Energy Heat Pump Technology Co., Ltd. (hereinafter referred to as Hong Yuan Ground Energy) was established on 28 August 2015, it is a limited liability company authorized by Administration for Industry and Commerce of Peicheng District, Mianyang, Sichuan, contributed by Sichuan Changhong Air Conditioner Co., Ltd (hereinafter referred to as Changhong Air Conditioner) and Hengyou yuan Technology Development Group Co., Ltd. together. Registered capital amounted as 50 million yuan, including 25.5 million yuan contributed by Changhong Air Conditioner in cash, a 51% in total registered capital; Hengyou yuan Technology Development Group Co., Ltd. invested 24.5 million yuan in cash, a 49% in registered capital.

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

19)Guangzhou Changhong Trading Co., Ltd. (hereinafter referred to as Changhong Trading) was established on 6 Jan. 2017, the wholly-owned subsidiary of Zhongshan Changhong Electric Co., LTD (hereinafter referred to as Zhongshan Changhong) with registered capital of one million yuan

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

21) Anhui Tuoxing Technology Co., Ltd. (hereinafter referred to as Tuoxing Technology) was established on 20 May 2019 with registered capital of 10 million yuan and it is the subsidiary of Zhongke Meiling with fully-owned establishment. On May 21, 2020 and February 21, 2021, Zhongke Meiling invested RMB 5 million, with a total investment of RMB 10 million, accounting for 100% of its registered capital.

22) CH-Meiling.International (Philippines) Inc. was established on 13 February 2020 in Philippines with registered capital of US\$ 1,000,000, takes 100% of the equity. As of December 31,2020, the Company has invested US\$ 1,000,000,

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

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

(2) Major non-wholly-owned subsidiary

Subsidiary	Shareholding ratio of minority	Gains/losses attributable to minority in Current Period	Dividend distributed to minority announced in Current Period	Balance of minority's interest at period-end
Zhongke Meiling	52.5488%	4,356,392.82	9,149,568.12	311,620,837.36
Ground Energy	49.00%	-938,293.89		24,002,637.56
Ridian Technology	0.9639%	-18,264.67		1,315,437.58
Meiling Life Appliances	30.00%	7,129,392.33	7,527,442.51	31,785,077.47

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

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

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

(Continued)

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

(Continued)

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

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

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

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

3. Equity in joint venture or associate enterprise

(1) Major joint venture or associate enterprise

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Joint venture or associate enterprise	Main office place	Register place	Business nature	Shareholding ratio (%)		Accounting treatment for investment of joint venture or associate enterprise
				Directly	Indirectly	
Associated companies:						
1.ChanghongRubaElectricCompany(Pri vate)Ltd.	Lahore, Pakistan	Lahore	Manufacture s, sales		40.00	Equity
2.Hefei Xingmei Assets Management Co., Ltd.	Hefei	Hefei	Rental, agency	48.28		Equity
3.Sichuan Zhiyijia Network Technology Co., Ltd.	Mianyang	Mianyang	Sales	50.00		Equity
4.Hong Yuan Ground Energy Heat Tech. Co., Ltd.	Mianyang	Mianyang	R & D, sales, after-sales		49.00	Equity
5.Sichuan Tianyou Guigu Technology Co., Ltd.	Mianyang	Mianyang	Manufacture s, sales		25.00	Equity
6.Chengdu Guigu Environmental Tech. Co., Ltd	Chengdu	Chengdu	R&D, manufacturin g and sales		25.00	Equity

(2) Financial information for major Joint venture: nil

(3) Financial information for associate enterprise

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

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

(Continued)

Items	Balance at year-begin /Last Year					
	Changhong Rubei Electric Company (Private) Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hong Yuan Ground Energy Heat Tech. Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.	Chengdu Guigu Environmental Tech. Co., Ltd.
Current assets	81,268,806.16	45,818,917.65	3,283,851,057.02	38,746,877.56	14,399,461.73	41,590,971.33
Including: cash and cash equivalent	4,921,365.69	45,763,227.65	14,808,208.88	29.18	5,469,142.38	23,853,311.23
Non-current assets	30,867,707.49		5,635,867.44	819,281.43	12,352.49	1,244,940.57
Total assets	112,136,513.65	45,818,917.65	3,289,486,924.46	39,566,158.99	14,411,814.22	42,835,911.90

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Items	Balance at year-begin /Last Year					
	Changhong Ruba Electric Company(Pri vate)Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hong Yuan Ground Energy Heat Tech. Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.	Chengdu Guigu Environmen tal Tech. Co., Ltd
Current liability	154,683,192.50	4,602,727.84	3,185,798,119.47	4,708,039.64	1,891,931.14	10,624,102.18
Non-current liability			1,632,200.33			2,731,542.18
Total liabilities	154,683,192.50	4,602,727.84	3,187,430,319.80	4,708,039.64	1,891,931.14	13,355,644.36
Minority's interest						1,096,374.40
Equity attributable to shareholder of parent company	-42,546,678.85	41,216,189.81	102,056,604.66	34,858,119.35	12,519,883.08	28,383,893.14
Share of net assets measured by shareholding	-17,018,671.54	19,899,176.44	51,028,302.33	17,080,478.48	3,129,970.77	7,095,973.29
Adjustment						
--Goodwill			821,877.28			1,416,227.93
Unrealized profit of the internal downstream transactions				61,436.67	19,388.90	6,752.44
Unrealized profit of the internal upstream transactions						
Other	17,018,671.54					
Book value of the equity investment for associate enterprise		19,899,176.44	51,850,179.61	17,019,041.81	3,110,581.87	8,505,448.77
Fair value of equity investment for the affiliates with consideration publicly						
Operation income	114,113,833.32	-	5,469,059,501.77	94,133.06	3,778,843.34	24,509,987.79
Financial expenses	70,820.09	-27,341.72	-22,176,910.19	267.75	-57,394.00	-289,738.80
Income tax expenses	1,215,849.99	3,252,674.65	554,942.41			
Net profit	-14,180,304.24	9,758,023.96	1,646,585.39	-1,163,205.15	260,813.27	123,763.39
Other comprehensive income	2,115,738.30					
Total comprehensive income	-12,064,565.94	9,758,023.96	1,646,585.39	-1,163,205.15	260,813.27	123,763.39
Dividend received from associate		5,069,400.00				

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Items	Balance at year-begin /Last Year					
	Changhong Ruba Electric Company(Private)Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hong Yuan Ground Energy Heat Tech. Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.	Chengdu Guigu Environmental Tech. Co., Ltd
enterprise in Current Year						

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

(5) Excess loss occurred in joint venture or affiliates

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

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

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

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

4. Major conduct joint operation: Nil

5. Structured body excluding in consolidate financial statement: Nil

IX. Relevant risks related with financial instrument

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

1. Various risk management objectives and policies

The Company's goal in risk management is to strike a proper balance between risks and benefits, reduce the negative impact of risks on the Company's operating performance to the lowest level, and maximize the interests of shareholders and other equity investors. Based on this risk management goal, the basic strategy of the Company's risk management is to identify and analyze all kinds of risks faced by the Company, establish an appropriate risk tolerance bottom line and conduct risk management, and timely and reliably supervise all kinds of risks to control the risks within a limited range.

(1) Market risk

1) Exchange rate risk

The Company pays close attention to the impact of exchange rate changes on the Company. The Company attaches great importance to the study of exchange rate risk management policies and strategies. In order to avoid the exchange rate risk of foreign currency payment and foreign currency collection and settlement

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income, the Company has signed several forward foreign exchange contracts with banks. The fair value of forward foreign exchange contracts recognized as derivative financial instruments on June 30,2023 is RMB -41,362,848.61. Changes in the fair value of derivative financial instruments have been included in the profit and loss, and the relevant contents of "VI. 55 Income from changes in fair value" in this note. In the meantime, with the constant change in the share of the international market, if there are risks beyond the control of the Company, such as unilateral large changes in the RMB exchange rate, the Company will reduce the risks by adjusting the sales or purchasing strategies.

2) Interest rate risk

The Company's interest rate risk arises from bank loans and interest-bearing debts. Financial liabilities with floating interest rate expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rate expose the Company to fair value interest rate risk. The Company decides the relative proportion of fixed interest rate and floating interest rate contracts according to the market environment at that time. On June 30,2023, the Company's interest-bearing debts were mainly the fixed-rate loan contracts denominated in RMB, with a total amount of RMB 881,064,263.12; and the RMB floating-rate loan contracts, with a total amount of RMB 158,000,000.00. The Company's risk of changes in the fair value of financial instruments due to changes in interest rates is mainly related to fixed-rate bank loans. The Company's risk of cash flow changes of financial instruments caused by interest rate changes is mainly related to floating interest rate bank loans. The Company pays close attention to the impact of this part of interest rate changes on the Company and attaches importance to the study of interest rate risk management policies and strategies.

(2) Credit risk

On June 30,2023, the biggest credit risk exposure that may cause the financial loss of the Company mainly comes from the loss of the Company's financial assets caused by the failure of the other party to the contract and the financial guarantee undertaken by the Company, including: the book amount of the financial assets recognized in the consolidated balance sheet; For financial instruments measured at fair value, the book value reflects their risk exposure, but not the maximum risk exposure, and its maximum risk exposure will change with the change of fair value in the future. In order to reduce the credit risk, the Company set up a special department to determine the credit line, conduct credit approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue creditor's rights. Meanwhile, the Company tries to reduce the impact of credit default of creditor's rights by purchasing credit insurance. In addition, the Company reviews the recovery of each single receivable on each balance sheet date to ensure that sufficient bad debt provision is made for unrecoverable funds. Therefore, the management of the Company believes that the credit risk assumed by the Company has been greatly reduced. The Company's working capital is deposited in the finance company, so the credit risk of working capital is low. The Company has adopted necessary policies to ensure that all sales customers have good credit records. The total amount of the top

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five accounts receivable is RMB 1,735,301,853.62, accounting for 59.31% of the accounts receivable at the end of the year, which is dependent on major customers. Except for the top five accounts receivable, the Company has no other major credit risks.

(3) Liquidity risk

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

X. Fair value disclosure

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

Items	Fair value at period-end			
	1 st level	2 nd level	3 rd level	Total
I. Continuous fair value measurement	—	—	—	—
(i) Trading financial assets	72,248,082.82	120,633,729.07		192,881,811.89
1. Financial assets measured at fair value and whose changes are included in current gains/losses	72,248,082.82	120,633,729.07	-	192,881,811.89
Including: Derivative financial assets	72,248,082.82			72,248,082.82
Principal and Interest of Wealth Management Products		120,633,729.07		120,633,729.07
(ii) Other non-current financial assets		81,060,223.94	547,489,224.37	628,549,448.31
(iii) Receivables financing			1,604,435,165.24	1,604,435,165.24
Total assets continuously measured at fair value	72,248,082.82	201,693,953.01	2,151,924,389.61	2,425,866,425.44
(iv) Trading financial liability	113,610,931.43			113,610,931.43
1. Financial liabilities measured by fair value and with variation reckoned into current gains/losses	113,610,931.43			113,610,931.43
Including: Derivative financial liability	113,610,931.43			113,610,931.43
Total liabilities continuously measured at fair value	113,610,931.43			113,610,931.43

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

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

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

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

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

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

XI. Related parties and related transaction

(I) Relationship of related parties

1. Controlling shareholder and ultimate controller

(1) Controlling shareholder and ultimate controller

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

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

(2) Register capital and change thereof of controlling shareholder

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

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

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

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

2. Subsidiary

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

3. Joint venture and associated enterprise

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

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

4. Other related party

Other related party	Relationship with the company
Sichuan Changhong International Travel Service Co., Ltd	Control by same controlling shareholder and ultimate controller
CHANGHONG.ELECTRIC.(AUSTRALIA) PTY.LTD.	Control by same controlling shareholder and ultimate controller
CHANGHONG ELECTRIC MIDDLE EAST FZCO	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Electronic Products Co., Ltd.	Control by same controlling shareholder and ultimate controller
Hefei Changhong New Energy Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Moulding Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Changhong Europe Electric s.r.o	Control by same controlling shareholder and ultimate controller

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Other related party	Relationship with the company
Changhong Huayi Compressor Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jijia Fine Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Minsheng Logistics Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Kuaiyidian Electric Appliance Service Chain Co., Ltd	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
CHANGHONG (HK) TRADING LIMITED	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Device Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Chengdu Changhong Electronic Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongwei Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Real Estate Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong New Energy Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Hefei Changhong Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Changhong International Holdings (Hong Kong) Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guangdong Changhong Electronics Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Package Printing Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jineng Sunshine Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Power Source Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongxin Software Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Network Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Yuanxin Financial Lease Co., Ltd.	Control by same controlling shareholder and ultimate controller
Orion.PDP.Co.,ltd	Control by same controlling shareholder and ultimate controller
081 Electronic Group Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong International Hotel Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Aichuang Science & Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Ailink Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Property Service Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Jiahong Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Huafeng Enterprise Group Co., Ltd.	Control by same controlling shareholder and ultimate controller

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Other related party	Relationship with the company
Sichuan Changhong Group Finance Co., Ltd.	Control by same controlling shareholder and ultimate controller
Mianyang Huafeng Hulian Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jiahua Information Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Qisai Microelectronic Co., Ltd.	Control by same controlling shareholder and ultimate controller
Yibin Hongxing Electric Co., Ltd.	Control by same controlling shareholder and ultimate controller
Mianyang Science & Technology City Big Data Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongyu Metal Manufacturing Co., Ltd.	Associated enterprise of other enterprise that have the same controlling shareholder
Sichuan Baiku Technology Co., Ltd.	Associated enterprise of other enterprise that have the same controlling shareholder
Sichuan Hongran Green Energy Co., Ltd.	Associated enterprise of controlling shareholder
Sichuan Changxin Refrigeration Parts Co., Ltd.	Associated enterprise of controlling shareholder
Mianyang Highly Electric Co., Ltd.	Associated enterprise of controlling shareholder
Mianyang High tech Zone Hongfu Technology Co., Ltd.	Enterprises where the supervisor of the controlling shareholder serves as its legal representative
Sichuan Hongmofang Network Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Qiruik Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jihuang Lithium Technology Co., LTD	Control by same controlling shareholder and ultimate controller
Sichuan Ansifei Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guangyuan Hongcheng Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Aiku Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller

(ii) Related transactions

1. Purchasing commodity

Related party	Content	Current Year	Approved trading quota	Whether the trading limit is exceeded	Last Year
		(In 10 thousand yuan)			(In 10 thousand yuan)
Sichuan Changhong Moulding Tech. Co., Ltd.	Purchasing commodity	47,227.00	100,000.00	N	42,116.85
Sichuan Changxin Refrigeration Parts Co., Ltd.	Purchasing commodity	40,002.29			31,020.99
Sichuan Changhong Jijia Fine Co., Ltd.	Purchasing commodity	29,862.39	65,000.00	N	24,772.90
Changhong Huayi Compressor Co., Ltd.	Purchasing commodity	25,980.62	54,000.00	N	19,308.27
Mianyang Highly Electric Co., Ltd.	Purchasing commodity	25,317.48			4,722.10
Sichuan Changhong Electronic Co., Ltd.	Purchasing commodity	21,647.30	65,000.00	N	21,990.58

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Related party	Content	Current Year	Approved trading quota	Whether the trading limit is exceeded	Last Year
		(In 10 thousand yuan)			(In 10 thousand yuan)
Sichuan Aichuang Science & Technology Co., Ltd.	Purchasing commodity	7,075.57	20,000.00	N	5,142.93
Sichuan Changhong Package Printing Co., Ltd.	Purchasing commodity	6,932.79	20,000.00	N	7,365.41
Sichuan Changhong Electronic Products Co., Ltd.	Purchasing commodity	2,034.05	3,000.00	N	1,608.43
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Purchasing commodity	1,776.19	4,500.00	N	1,157.30
Changhong International Holdings (Hong Kong) Co., Ltd.	Purchasing commodity	1,538.32	12,000.00	N	202.84
Sichuan Aoku Technology Co., Ltd.	Purchasing commodity	1,155.21	5,000.00	N	1.82
Changhong Ruba Electric Company (Private) Ltd.	Purchasing commodity	1,110.98			5,950.36
Sichuan Ailink Technology Co., Ltd.	Purchasing commodity	868.04	5,000.00	N	460.43
Sichuan Changhong Electronic Products Co., Ltd.	Purchasing commodity	559.39	8,000.00	N	506.18
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing commodity	461.50	8,000.00	N	178.81
Guangdong Changhong Electronics Co., Ltd.	Purchasing commodity	400.10	8,000.00	N	259.46
Hefei Changhong Industrial Co., Ltd.	Purchasing commodity	385.14	8,000.00	N	337.45
Sichuan Hongran Green Energy Co., Ltd.	Purchasing commodity	90.89			53.80
081 Electronic Group Co., Ltd.	Purchasing commodity	5.30	8,000.00	N	
Sichuan Hongwei Technology Co., Ltd.	Purchasing commodity	4.06	8,000.00	N	
Sichuan Changhong New Energy Technology Co., Ltd.	Purchasing commodity	2.40	5,000.00	N	1.91
Sichuan Hongyu Metal Manufacturing Co., Ltd.	Purchasing commodity	1.47			
Sichuan Jiahong Industrial Co., Ltd.	Purchasing commodity	0.33	5,000.00	N	
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Purchasing commodity	0.18	8,000.00	N	
Sichuan Changhong Source Co., Ltd.	Purchasing commodity	0.18	8,000.00	N	
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchasing commodity	0.05	5,000.00	N	
Sichuan Changhong International Hotel Co., Ltd.	Purchasing commodity				1.17
Sichuan Changhong New Energy Technology Co., Ltd.	Purchasing commodity				16.35
Sichuan Changhong Property Service Co., Ltd.	Purchasing commodity				1.35
Total		214,439.22			167,177.69

2. Accept the services

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

3. Sales of goods

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

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

4. Provide the services

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

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

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

5. Related rental

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(1) Rent out

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

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

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(2) Lessee of related parties

Lessor	Lessee	Type of assets	Rental charges for short-term and low-value assets (if any)		Variable lease payments not included in lease liabilities measurement (if any)		Rent paid		Interest expenses on lease liabilities assumed		Increased use right assets	
			Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period
Hefei Changhong Industrial Co., Ltd.	Changhong Meiling	Workshop leasing					590,931.54	376,152.09	485,439.06	517,499.86		
Sichuan Changhong Electronics Holding Group Co., Ltd.	Changhong Air-conditioner	Staff dormitory	64,694.40	62,774.40								
Sichuan Changhong Electric Co., Ltd.	Changhong Air-conditioner	VISA Laboratories		170,589.02			153,431.50		17,157.52		1,534,315.05	
Sichuan Jiahong Industrial Co., Ltd.	Changhong Air-conditioner	Staff dormitory	216,056.16	184,147.52								
Chengdu Changhong Electronic Technology Co., Ltd.	Hongmei Intelligent	Office					334,385.06	314,318.93	28,592.17	48,658.28		
Guangdong Changhong Electronics Co., Ltd.	Hong yuan Zhongshan	Staff dormitory	39,530.00	38,582.61								
Sichuan Changhong Electric Co., Ltd.	Mianyang Meiling	Workshop leasing	32,259.69				1,433,275.56	1,505,012.56	208,376.40	136,639.40		

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Lessor	Lessee	Type of assets	Rental charges for short-term and low-value assets (if any)		Variable lease payments not included in lease liabilities measurement (if any)		Rent paid		Interest expenses on lease liabilities assumed		Increased use right assets	
			Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period		
Sichuan Jiahong Industrial Co., Ltd.	Mianyang Meiling	Staff dormitory	16,664.37	9,723.82								
Guangdong Changhong Electronics Co., Ltd.	Ridian Technology	Staff dormitory	28,660.58	65,766.19								
Changhong Huayi Compressor Co., Ltd.	Jiangxi Meiling	Staff dormitory		44,310.17								
Chengdu Changhong Electronic Technology Co., Ltd.	Hongmei Intelligent	Office	62,618.29									
Guangdong Changhong Electronics Co., Ltd.	Zhongshan Changhong	Workshop leasing		677,103.12								
Total			460,483.49	1,252,996.85			2,512,023.66	2,195,483.58	739,565.15	702,797.54	1,534,315.05	

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6. Related guarantee

Secured party	Sponsored party	Maximum guarantee amount	Start	Date due	Completed (Y/N)
		(in 10 thousand Yuan)			
Changhong Meiling	Meiling Group	5,000.00	2022/4/18	2023/4/18	Y
Changhong Meiling	Meiling Group	4,500.00	2023/5/11	2024/5/11	N
Changhong Meiling	Meiling Life Appliances	4,000.00	2021/12/9	2022/11/2	Y
Changhong Meiling	Meiling Life Appliances	3,000.00	2022/1/26	2023/1/26	Y
Changhong Meiling	Meiling Life Appliances	5,000.00	2022/3/16	2023/3/16	Y
Changhong Meiling	Meiling Life Appliances	500.00	2022/8/26	2023/8/26	N
Changhong Meiling	Meiling Life Appliances	1,000.00	2022/9/8	2023/9/8	Y
Changhong Meiling	Meiling Life Appliances	5,000.00	2022/9/22	2023/9/21	N
Changhong Meiling	Meiling Life Appliances	5,000.00	2022/10/26	2023/10/25	N
Changhong Meiling	Meiling Life Appliances	4,500.00	2022/12/8	2023/10/24	N
Changhong Meiling	Meiling Life Appliances	8,000.00	2023/2/22	2024/1/12	N
Changhong Meiling	Meiling Life Appliances	5,000.00	2023/4/21	2024/4/21	N
Changhong Meiling	Meiling Life Appliances	2,000.00	2023/4/24	2024/4/23	N
Changhong Meiling	Changhong air-conditioner	5,000.00	2021/9/24	2022/9/24	Y
Changhong Meiling	Changhong air-conditioner	15,000.00	2021/12/7	2022/12/6	Y
Changhong Meiling	Changhong air-conditioner	8,000.00	2022/3/18	2023/3/17	Y
Changhong Meiling	Changhong air-conditioner	30,000.00	2022/4/18	2023/4/18	Y
Changhong Meiling	Changhong air-conditioner	10,000.00	2023/1/17	2023/10/11	N
Changhong Meiling	Changhong air-conditioner	5,000.00	2023/1/17	2024/1/16	N
Changhong Meiling	Changhong air-conditioner	16,000.00	2023/2/27	2024/2/26	N
Changhong Meiling	Changhong air-conditioner	30,000.00	2023/3/16	2024/3/16	N
Changhong Meiling	Changhong air-conditioner	60,000.00	2023/3/18	2024/3/18	N
Changhong Meiling	Changhong air-conditioner	12,000.00	2023/4/14	2024/4/13	N
Changhong Meiling	Changhong air-conditioner	3,500.00	2023/6/28	2023/12/28	N
Changhong Meiling	Ridian Technology	3,000.00	2022/3/25	2023/3/25	N
Changhong Meiling	Ridian Technology	4,000.00	2022/7/7	2023/7/7	N
Changhong Meiling	Ridian Technology	2,000.00	2022/10/25	2023/10/24	N
Changhong Meiling	Ridian Technology	3,500.00	2022/11/10	2023/11/9	N

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

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Secured party	Sponsored party	Maximum guarantee amount	Start	Date due	Completed (Y/N)
		(in 10 thousand Yuan)			
Meiling Life Appliances	Changhong Meiling	5,000.00	2023/4/21	2024/4/21	N
Meiling Life Appliances	Changhong Meiling	2,000.00	2023/4/24	2024/4/23	N
Changhong air-conditioner	Changhong Meiling	5,000.00	2021/9/24	2022/9/24	Y
Changhong air-conditioner	Changhong Meiling	15,000.00	2021/12/7	2022/12/6	Y
Changhong air-conditioner	Changhong Meiling	8,000.00	2022/3/18	2023/3/17	Y
Changhong air-conditioner	Changhong Meiling	30,000.00	2022/4/18	2023/4/18	Y
Changhong air-conditioner	Changhong Meiling	10,000.00	2023/1/17	2023/10/11	N
Changhong air-conditioner	Changhong Meiling	5,000.00	2023/1/17	2024/1/16	N
Changhong air-conditioner	Changhong Meiling	16,000.00	2023/2/27	2024/2/26	N
Changhong air-conditioner	Changhong Meiling	30,000.00	2023/3/16	2024/3/16	N
Changhong air-conditioner	Changhong Meiling	60,000.00	2023/3/18	2024/3/18	N
Changhong air-conditioner	Changhong Meiling	12,000.00	2023/4/14	2024/4/13	N
Changhong air-conditioner	Changhong Meiling	3,500.00	2023/6/28	2023/12/28	N
Ridian Technology	Changhong Meiling	3,000.00	2022/3/25	2023/3/25	Y
Ridian Technology	Changhong Meiling	4,000.00	2022/7/7	2023/7/7	N
Ridian Technology	Changhong Meiling	2,000.00	2022/10/25	2023/10/24	N
Ridian Technology	Changhong Meiling	3,500.00	2022/11/10	2023/11/9	N
Zhongke Meiling	Changhong Meiling	2,000.00	2022/9/20	2023/1/27	Y
Zhongke Meiling	Changhong Meiling	5,000.00	2022/11/14	2023/6/19	N
Zhongshan Changhong	Changhong Meiling	2,000.00	2022/2/15	2023/2/14	Y
Zhongshan Changhong	Changhong Meiling	6,000.00	2022/3/15	2023/3/15	Y
Zhongshan Changhong	Changhong Meiling	7,000.00	2022/3/28	2023/3/29	N
Zhongshan Changhong	Changhong Meiling	18,000.00	2022/4/22	2023/4/22	N
Zhongshan Changhong	Changhong Meiling	10,000.00	2022/4/22	2023/4/22	N
Zhongshan Changhong	Changhong Meiling	13,000.00	2022/6/16	2023/6/16	N
Zhongshan Changhong	Changhong Meiling	20,000.00	2022/7/2	2023/7/2	N
Zhongshan Changhong	Changhong Meiling	15,000.00	2022/8/15	2023/8/14	N
Zhongshan Changhong	Changhong Meiling	5,000.00	2022/8/19	2023/8/19	N
Zhongshan Changhong	Changhong Meiling	6,000.00	2023/3/15	2024/3/15	N

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

7. Assets transfer and debt reorganization of related parties

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

8. Other

Name of company	Content	Current Period (in 10 thousand Yuan)	Last Period (in 10 thousand Yuan)
Yuanxin Financial Lease Co., Ltd.	Financing business	27,779.67	21,168.68

9. Related transaction with Changhong Finance Company

(1) Saving balance

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

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

(2) Discounted bills

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

(3) Issuance of invoices

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

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

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

(5) Borrowings: Nil

(6) Receivable factoring: Nil

(iii) Come and go balance with related parties

1. Receivable items

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

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

2. Payable items

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

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

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

XII. Share-based payment: Nil

XIII. Contingency

1. Pending action or possible liabilities formed from arbitration

In November 2021, Zhejiang Teruisi Pharmaceutical Co., Ltd. filed a lawsuit against Zhongke Meiling for the "Contract for Cold Storage Design, Equipment Procurement and Installation Construction".

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Currently, a third-party engineering quality appraisal agency is conducting quality appraisal of the objects under the contract, the boot-up and operation test has been initially completed, and Zhongke Meiling intends to advocate maintenance of the cold storage project, and the maintenance cost is estimated to be 1,720,534.42 yuan.

2. Contingency from external guarantee: Nil

3. Other contingency: Nil

XIV. Commitments: Nil

XV. Events occurring after the balance sheet date

1. Important non-adjustment items: Nil

2. Profit distribution: Nil

3. Major sales return: Nil

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

XVI. Other significant matters

1. Correction of previous periods and influence: Nil

2. Debt restructuring: Nil

3. Assets replacement: Nil

4. Pension plan: Nil

5. Discontinuing operation: Nil

6. Branch information

In 10 thousand Yuan

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

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

Total assets do not include deferred income tax assets, and total liabilities exclude deferred income tax liabilities.

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

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

1. Account receivable

(1) Presented according to the bad debt accrual method

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

(Continued)

Category	Amount at year-begin				
	Book balance		Bad debt provision		Book value
	Amount	Ratio(%)	Amount	Ratio(%)	
Account receivable that withdrawal bad debt provision by single item	966,219,951.36	80.19	41,766,187.59	4.32	924,453,763.77
Including: Related party payments	930,280,151.88	77.21	40,223,800.95	4.32	890,056,350.93

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Category	Amount at year-begin				Book value
	Book balance		Bad debt provision		
	Amount	Ratio(%)	Amount	Ratio(%)	
Account receivable with letter of credit	28,689,555.75	2.38			28,689,555.75
Account receivable with single minor amount but withdrawal single item bad debt provision	7,250,243.73	0.60	1,542,386.64	21.27	5,707,857.09
Account receivable withdrawal bad debt provision by portfolio	238,724,048.45	19.81	17,616,043.17	7.38	221,108,005.28
Including: account receivable of engineering customers					
Receivables other than engineering customers	238,724,048.45	19.81	17,616,043.17	7.38	221,108,005.28
Total	1,204,943,999.81	100.00	59,382,230.76	4.93	1,145,561,769.05

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

Account receivable with single minor amount but withdrawal bad debt provision singly, refers to the minor single receivables, and withdrawal bad debt provision by combination shows no risk characteristic of the receivables, Involving 5 customers.

2) Account receivable withdrawal bad debt provision by portfolio

A. Account receivable of engineering customers

Account age	Balance at year-end		
	Book balance	Bad debt	Accrual ratio (%)
Within 3 months(3 months included)	353,638,356.01	3,536,383.56	1.00
Over 3 months and within 6 months (6 months included)	12,404,287.97	1,240,428.80	10.00
Over 6 months and within one year (One year included)	12,520,976.40	2,504,195.28	20.00
over one year-within two years (2 years included)	10,233,287.30	5,116,643.65	50.00
Over 2 years - within 3 years (3 years included)	10,573,116.23	8,458,492.98	80.00
Over 3 years	3,847,024.55	3,847,024.55	100.00
Total	403,217,048.46	24,703,168.82	

(Continued)

Account age	Amount at year-begin		
	Book balance	Bad debt	Accrual ratio (%)
Within 3 months(3 months included)	201,773,944.94	2,017,739.45	1.00
Over 3 months and within 6 months (6 months included)	9,319,360.50	931,936.05	10.00
Over 6 months and within one year (One year included)	5,821,154.56	1,164,230.91	20.00

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Account age	Amount at year-begin		
	Book balance	Bad debt	Accrual ratio (%)
over one year-within two years (2 years included)	13,330,951.73	6,665,475.87	50.00
Over 2 years - within 3 years (3 years included)	8,209,879.17	6,567,903.34	80.00
Over 3 years	268,757.55	268,757.55	100.00
Total	238,724,048.45	17,616,043.17	

(2)ounts receivable are listed according to age

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

(3) Bad debt reserves of the account receivable

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

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

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

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

2. Other account receivable

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

(1) By nature

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

(2) Provision for bad debt of other receivable

Bad debt reserves	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
Balance as at 1 Jan. 2023			50,000.00	50,000.00
Book balance of other account receivable in Current Period as at 1 Jan. 2023	—	—	—	—
--Transfer to the second stage				
--Transfer to the third stage				
--Reversal to the second stage				
--Reversal to the first stage				
Provision in Current Period				
Reversal in Current Period				
Conversion in Current Period				
Write off in Current Period				
Other change				
Balance as at 30 Jun. 2023			50,000.00	50,000.00

(3) By account age

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

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

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

Name of the unit	Nature	Ending balance	Account age	Proportion of the total period-end balance of other receivable (%)	Ending balance of bad debt reserve
Unit I	Export rebates	42,265,562.52	Within 3 months	66.29	
Unit II	Related party payment	4,881,959.03	Within 1 year	7.66	
Unit III	Related party payment	2,832,349.94	Within 1 year	4.44	
Unit IV	Petty cash	1,433,682.65	Within 3 months, 3-6 months, 2-3 years	2.25	
Unit V	Petty cash	1,195,854.22	Within 3 months	1.88	
Total		52,609,408.36		82.52	

(5) There are no receivables involving government subsidies

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

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

3. Long-term equity investments

(1) Classification of long-term equity investments

Item	Ending balance			Opening balance		
	Book balance	Impairment loss	Book value	Book balance	Impairment loss	Book value
Investment in subsidiaries:						
Zhongke Meiling Cryogenic	42,652,000.00		42,652,000.00	42,652,000.00		42,652,000.00

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Item	Ending balance			Opening balance		
	Book balance	Impairment loss	Book value	Book balance	Impairment loss	Book value
Technology Co., Ltd						
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00		95,000,000.00	95,000,000.00		95,000,000.00
Hefei Meiling Electric Appliances Marketing Co., Ltd	54,900,000.00		54,900,000.00	54,900,000.00		54,900,000.00
Zhongshan Changhong Electric Co., Ltd	304,856,419.37		304,856,419.37	304,856,419.37		304,856,419.37
Sichuan Changhong Air-conditioner Co., Ltd	955,600,437.79		955,600,437.79	955,600,437.79		955,600,437.79
Hefei Meiling Group Holdings Limited	113,630,000.00		113,630,000.00	113,630,000.00		113,630,000.00
Jiangxi Meiling Electric Appliance Co., Ltd.	79,000,000.00		79,000,000.00	79,000,000.00		79,000,000.00
Changhong Meiling Ridian Technology Co., Ltd.	91,082,111.12		91,082,111.12	91,082,111.12		91,082,111.12
Hefei Meiling Wulian Technology Co., Ltd	6,000,000.00		6,000,000.00	6,000,000.00		6,000,000.00
CH-Meiling International (Philippines) Inc.	6,889,100.00		6,889,100.00	6,889,100.00		6,889,100.00
Hefei Changhong Meiling Life Appliances Co., Ltd.	35,000,000.00		35,000,000.00	35,000,000.00		35,000,000.00
Investment in associates:						
Hefei Xingmei Assets Management Co., Ltd.	14,092,147.64		14,092,147.64	19,899,176.44		19,899,176.44
Sichuan Zhiyijia Network Technology Co., Ltd.	61,774,515.29		61,774,515.29	51,850,179.61		51,850,179.61
Total	1,860,476,731.21		1,860,476,731.21	1,856,359,424.33		1,856,359,424.33

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(2) Investment in subsidiaries

Invested enterprise	Opening balance	Increased in Current Period	Decreased in Current Period	Ending balance	Provision for impairment losses in the Period	Ending balance of impairment
Zhongke Meiling Cryogenic Technology Co., Ltd	42,652,000.00			42,652,000.00		
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00			95,000,000.00		
Hefei Meiling Electric Appliances Marketing Co., Ltd	54,900,000.00			54,900,000.00		
Zhongshan Changhong Electric Co., Ltd	304,856,419.37			304,856,419.37		
Sichuan Changhong Air-conditioner Co., Ltd	955,600,437.79			955,600,437.79		
Hefei Meiling Group Holdings Limited	113,630,000.00			113,630,000.00		
Jiangxi Meiling Electric Appliance Co., Ltd.	79,000,000.00			79,000,000.00		
Changhong Meiling Ridian Technology Co., Ltd.	91,082,111.12			91,082,111.12		
Hefei Meiling Wulian Technology Co., Ltd	6,000,000.00			6,000,000.00		
CH-Meiling International (Philippines) Inc.	6,889,100.00			6,889,100.00		
Hefei Changhong Meiling Life Appliances Co., Ltd.	35,000,000.00			35,000,000.00		
Total	1,784,610,068.28			1,784,610,068.28		

(3) Investment in associates

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

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

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4. Operation income, operation cost

(1) Operation income and operation cost

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main business	4,122,655,653.51	3,763,651,668.97	3,030,603,503.85	2,834,190,544.57
Other business	216,043,888.41	191,302,905.28	245,902,657.62	226,413,800.95
Total	4,338,699,541.92	3,954,954,574.25	3,276,506,161.47	3,060,604,345.52

(2) Main business - Classified according to product

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

(3) Main business - Classified according to region

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

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

5. Investment income

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

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

XVIII. Approval of financial statement

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

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XIX. Supplementary information for financial statement

1. Non-recurring gains and losses for this year

Item	Current Year	Note
Gains and losses from disposal of non-current assets		
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	28,162,261.54	
Losses/gains from changes of fair values occurred in holding trading financial assets and trading financial liabilities, and investment income obtaining from the disposal of trading financial assets, trading financial liability and financial assets available-for-sale, excluded effective hedging business relevant with normal operations of the Company	-59,214,422.03	
Reversal of the account receivable depreciation reserves subject to separate impairment test	3,588,165.07	
Other non-operating income and expenses other than the above	7,689,220.58	
Subtotal	-19,774,774.84	
Less: impact on income tax	-854,743.24	
Impact on minority shareholders' equity (post-tax)	5,014,967.48	
Total	-23,934,999.08	—

2. Return on equity and earnings per share

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

Wu Dinggang

Changhong Meiling Co., Ltd.

August 18, 2023