

合肥美菱股份有限公司

HEFEI MEILING CO., LTD.

MELING 美菱

二〇一七年年度报告

Annual Report 2017

Section I. Important Notice, Contents and Paraphrase

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

Mr. Li Wei, Chairman of the Company, Mr. Pang Haitao, person in charge of accounting work and Mr. Luo Bo, person in charge of accounting organ (accountant in charge) hereby confirm that the Financial Report of 2017 Annual Report is authentic, accurate and complete.

The Company did not have directors, supervisors and senior executives of the Company could not guarantee the reality, accuracy and completion of the whole contents or have objections.

All the directors attended the board meeting on deliberating the Report on site and by communication.

Modified audit opinions notes

Applicable Not applicable

Shine Wing Certified Public Accountants Co., Ltd. (LLP) issued standard unqualified Auditors' Report for the Company's Financial Report of 2017.

Major defects in internal control

Applicable Not applicable

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

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

Applicable Not applicable

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

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

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

Securities Times, China Securities Journal, Hong Kong Commercial Daily and Juchao Website

(www.cninfo.com.cn) are the media for information disclosure for year of 2018 that appointed by the Company. All public information under the name of the Company disclosed on the above said media and website shall prevail, and investors are advised to exercise caution.

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

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

Applicable Not applicable

Whether has capitalizing of common reserves carried out

Yes No

The profit distribution plan for year of 2017, that deliberated and approved by 7th session of the 9th BOD was: take total shares of 1,044,597,881 shares as base dated 31 December 2017, distributed 0.6 Yuan (tax included) bonus in cash for every 10-share hold by all shareholders, no share bonus issued and no capitalizing of common reserves carried out.

Directors and senior executives of the Company respectively signed Written Confirmation Opinions for 2017 Annual Report.

Supervisory Committee of the Company formed Written Examination Opinions for 2017 Annual Report.

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Paraphrase

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

Section II. Company Profile and Main Financial Indexes

I. Company information

Short form of the stock	MEILINGDIANQI, WANMEILING-B	Stock code	000521, 200521
Short form of the Stock after changed (if applicable)	—		
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	合肥美菱股份有限公司		
Short form of the Company (in Chinese)	美菱电器		
Foreign name of the Company (if applicable)	HEFEI MEILING CO.,LTD.		
Abbr. of English name of the Company (if applicable)	—		
Legal representative	Li Wei		
Registrations add.	No. 2163, Lianhua Road, Economic and Technology Development Zone, Hefei		
Code for registrations add	230601		
Offices add.	No. 2163, Lianhua Road, Economic and Technology Development Zone, Hefei		
Codes for office add.	230601		
Website	http://www.meiling.com		
E-mail	info@meiling.com		

II. Person/Way to contact

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

III. Information disclosure and preparation place

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

IV. Registration changes of the Company

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

	<p>Agreement of Equity Transfer of Meiling Electric” respectively with Sichuan Changhong and Changhong Group, among the 123,396,375 shares held by Meiling Group, 82,852,683 shares were transferred respectively to Sichuan Changhong and Changhong Group according to the transfer way regulated in agreement; of this transferring, 45,000,000 shares (10.88% of total share capital of the Company) were transferred to Sichuan Changhong, the first largest shareholder of the Company while 37,852,683 shares (9.15% of total share capital of the Company) were transferred to Changhong Group, the third largest shareholder of the Company.</p> <p>6. On 29 October 2008, Changhong Group and Sichuan Changhong entered into “Equity Transfer Agreement of Hefei Meiling Co., Ltd.”, the 32,078,846 restricted circulations A shares of Meiling Electric held by Changhong Group were transferred by agreement to Sichuan Changhong. On 23 December 2008, the aforesaid equity transfer was approved by “Reply on Matters of Equity held by State-owned Shareholders of Hefei Meiling Co., Ltd.” (GZCQ(2008) No.: 1413) from SASAC; on 21 January 2009, the aforesaid transfer was registered for ownership transfer in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.</p> <p>7. Ended as 31 December 2017, Sichuan Changhong and its concerted action Changhong HK totally holds 265,601,410 shares of the Company, a 25.43% in total share capital of the Company; Sichuan Changhong directly holds 234,705,968 A-share of the Company, a 22.47% in total share capital of the Company while Changhong HK holds circulation B-share of the Company amounting as 30,895,442 shares, a 2.96% in total share capital of the Company.</p>
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V. Other relevant information

(I) CPA engaged by the Company

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

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

Applicable Not applicable

Sponsor institution	Office address	Sponsor representative	Duration of continuous supervision
Shenwan HongYuan Securities Underwriting	No. 239 Changshu Rd. Shanghai	Qin Mingzheng, Qiu Feng	14 October 2016 to 31 December 2017

Sponsor Co., Ltd.			
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(III) Financial consultant engaged by the Company for performing continuous supervision duties in reporting period

Applicable Not applicable

VI. Main accounting data and financial indexes

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

Yes No

	2017	2016	Changes over last year	2015
Operating income (RMB)	16,797,436,757.36	12,526,710,867.49	34.09%	10,754,200,188.12
Net profit attributable to shareholders of the listed company (RMB)	32,473,204.92	220,216,680.96	-85.25%	27,104,893.56
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-97,705,959.02	158,461,015.10	-161.66%	93,951,365.12
Net cash flow arising from operating activities (RMB)	-551,501,994.74	985,390,895.63	-155.97%	229,371,185.23
Basic earnings per share (RMB/Share)	0.0311	0.2717	-88.55%	0.0355
Diluted earnings per share (RMB/Share)	0.0311	0.2717	-88.55%	0.0355
Weighted average ROE	0.64%	5.77%	Reduce 5.13 percentage points	0.77%
	End of 2017	End of 2016	Changes over end of last year	End of 2015
Total assets (RMB)	15,961,511,966.81	12,507,567,310.84	27.61%	9,237,288,359.74
Net assets attributable to shareholder of listed company (RMB)	5,051,066,095.31	5,095,160,291.91	-0.87%	3,475,377,055.14

The cause of the accounting policy change and accounting error correction

Applicable Not applicable

Whether have corporate bonds or not

Yes No

VII. Accounting data difference under domestic and foreign accounting standards

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

Applicable Not applicable

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

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

Applicable Not applicable

In RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Amount in this period	Amount in last period	Amount at period-end	Amount at period-begin
Chinese GAAP	32,473,204.92	220,216,680.96	5,051,066,095.31	509,516,0291.91
Items and amount adjusted by foreign accounting rules				
Foreign accounting rules	32,473,204.92	220,216,680.96	5,051,066,095.31	509,516,0291.91

The Company had no difference of the net profit or net assets disclosed in financial report, under either foreign accounting rules or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

(III) Reasons for the differences of accounting data under accounting rules in and out of China

Applicable Not applicable

The “Notice of Relevant Issues of Audit for Company with Domestically Foreign Shares Offering” was issued from CSRC dated 12 September 2007, since the day issuing, cancel the previous “dual audit” requirement for companies who offering domestically listed foreign shares (B-share enterprise) while engaging securities practice qualification CPA for auditing. The Company did not compile financial report under foreign accounting rules since 2007, the financial report of the Company is complying on the “Accounting Standard for Business Enterprise” in China, and therefore, there are no differences of accounting data under accounting rules in and out of China at period-end.

VIII. Quarterly main financial index

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	3,666,603,957.50	4,851,190,235.60	4,661,344,340.71	3,618,298,223.55
Net profit attributable to shareholders of the listed company	61,303,717.56	30,771,322.21	28,147,276.19	-87,749,111.04
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	41,625,189.75	25,280,149.23	15,681,839.2	-180,293,137.20
Net cash flow arising from operating activities	551,271,013.44	-67,040,315.53	-615,028,782.00	-420,703,910.65

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

Yes No

IX. Items and amounts of extraordinary profit (gains)/loss

Applicable Not applicable

In RMB

Item	Amount in 2017	Amount in 2016	Amount in 2015	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-8,203,782.90	9,265,320.01	-4,315,502.74	Found more in "income from assets disposal" and "investment income" in Note of financial report
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)	68,403,702.36	41,152,549.66	29,285,357.05	Found more in "non-operating income" and "other income" in Note of financial report
Current net gain/losses of the subsidiary merger under the same control from beginning of the period to combination date	--	--	615,594.18	Changhong Ridian-merger under the same control, restate the statement of comparative financial data
Held transaction financial asset, gains/losses of changes of fair values from transaction financial liabilities, and investment gains	92,846,391.02	11,500,963.72	2,313,967.35	Found more in "investment income" and "gain/loss of income from

from disposal of transaction financial asset, transaction financial liabilities and financial asset available for sales, exclude the effective hedging business relevant with normal operations of the Company				fair value changes” in Note of financial report
Other non-operating income and expenditure except for the aforementioned ones	2,680,908.22	4,948,619.55	-103,646,326.02	Found more in “non-operating expenditure” in Note of financial report
Gain/losses items qualified definition of the non-recurring gains/losses	--	3,798,660.03	--	Found more in “investment income” in Note of financial report
	155,727,218.70	70,666,112.97	-75,746,910.18	--
Less: impact on income tax	24,087,520.95	8,534,266.32	-9,078,920.45	--
Impact on minority shareholders’ equity (post-tax)	1,460,533.81	376,180.79	178,481.83	--
Total	130,179,163.94	61,755,665.86	-66,846,471.56	--

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

Applicable Not applicable

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

Section III. Summary of Company Business

I. Main businesses of the company in the reporting period

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

Yes No

(I) Main businesses of the Company

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

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

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

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

During the reporting period, under the background of stagflation in the industry and sharp rising costs of raw materials, labor and transportation and exchange rate fluctuations, through the efforts of all employees, the Company’s sales revenue increased significantly, and the market position of major product lines was promoted. At the same time, the Company signed the Strategic Cooperation Framework Agreement with Candy Group, a world-renowned Italian professional electrical appliance manufacturer, and formally established a strategic partnership between two parties in the refrigerator (freezer) and washing machine business areas to further enhance the competitiveness of the Company’s washing machine products. In the future, both parties will continue to use their respective advantages to carry out in-depth strategic cooperation, jointly develop the market, promote the brand, and maximize the commercial value and social value. In addition, during the reporting period, the good development momentum of the Company’s kitchen and baths, small household appliances, bio-medicine, and ifoodtube e-commerce platform indicated that the Company has basically completed the industrial layout of integrated white goods.

Facing the future, the Company will further improve the home internet layout, accelerate the intelligentization of home appliances, form a dual-growth engine of “hardware + services”, drive the transformation and upgrading of the Company’s profitability model, investigate the new value-added service models for home appliance enterprises, meet new competition pattern in the industry, and achieve its own sustainable and stable development under the guidance of the core values of “professionalism and shared development”.

In reporting period, main income of the Company coming from refrigerator (freezer), air conditioner, washing machine, kitchen & toilet and small home appliances products, total amounting to 16,013.3276 million Yuan, a 95.33% of the operating income.

(II) Conditions of the industry the company involved

In 2017, under the influence of supply-side reform of the country and industrial restructuring, household appliance industry faces with severe challenges and development opportunity. Mainly show as:

1. The home appliance industry has entered from the rapid growth period into the gradually stable replacement period and from the broader market growth into the aggressive growth, industry competition intensified and brand concentration gets further improve.

2. With the upgrading of consumption structure and ideas, the high-end and intelligent transformation and upgrading of household appliances have become the main theme of the industry.

On the one hand, the full implementation of new energy efficiency standards further raised the threshold for industrial competition and accelerated the upgrading of product structure. On the other hand, the sharp rise in the raw material prices not only brought business pressure to enterprises, but also promoted the upgrading of home appliance product structure, got rid of the low-end and abnormal price competition, and returned to the rational value competition. The competition among home appliance enterprises in high end and intelligentization would become increasingly fierce, and higher requirements would be put forward for enterprises in product development, brand status, terminal promotion, and channel capabilities.

3. With the development of urbanization and the improvement of living standards, the age of quality consumption has coming, the new consumer groups pay more attention to high-quality, intelligent and healthy environmental protection products. The product homogenization of traditional home appliance industry is serious, aiming at the needs of consumers, each home appliance manufacturer focuses on the technological innovations of smart, variable frequency, fresh-keeping, and air-cooling and other high-end products for quality promotion so as to improve the competitive advantage of personalized products. Furthermore, with the further development of smart home and continuous improvement of the artificial intelligence technology, the cross-border cooperation among household appliance enterprise and internet enterprise are promote at an accelerated rate, so actively exploring business model innovation and enhancing the user experience have become an important engine for a new round of rapid growth of household electrical appliance enterprises.

On the whole, in the context of the weak recovery of the world economy and the fact that China's economic development has entered a new normal, China's economic situation in 2017 was generally smooth and steady. While the household appliance industry was in a state of stagflation, under the influence of the further strengthening of brand concentration of the industry, the rise in cost of raw materials and logistics, the upgrading of consumer demand structure, and the cross-border impact of internet enterprises, the industry faced the accelerated reshuffle, oligopolistic competition, transformation and upgrading of product and business model and other challenges. Therefore, quality consumption era, high end and intelligence have become the inevitable choices for the development of the home appliance industry.

II. Major changes in main assets

(I) Major changes in main assets

Major assets	Note of major changes
Equity assets	No major changes
Fixed assets	No major changes
Intangible assets	No major changes
Construction in progress	Project of construction in progress increased in the period

2. Main overseas assets

Applicable Not applicable

Content of assets	Reason for the formation	Asset size	Location	Operation mode	Control measure to ensure the security of assets	Income (RMB)	Foreign assets accounted for net assets of the Company	Whether exist significant impairment risk
60% equity of Changhong Ruba Trading Company	Investment establishment	US\$ 7.803 million	Pakistan	Sales	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media (No. 2011-028, No. 2011-032, No. 2014-023, No. 2014-026, No. 2016-027, No. 2016-032, No. 2017-053 and No. 2017-059) on 28 May 2011, 19 April 2014, 25 March 2016 and 10 August 2017	-1,173,136.24	0.81%	No
40% equity of Changhong Ruba Electric Company(Private)Ltd.	Investment establishment	US\$ 6.976 1 million	Pakistan	Manufacture	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media (No. 2011-028, No. 2011-032, No. 2014-023, No. 2014-026, No. 2017-053 and No. 2017-059) on 28 May 2011, 19 April 2014 and 10 August 2017	-400,790.01	0.55%	No
100% equity of CHANGHONG MEILING ELECTRIC INDONESIA. PT	Investment establishment	US\$ 6 million	KELAPA GADING, JKT, Indonesia	Sales	Details of risks control measures have been disclosed by the Company by way of announcement on appointed media (No. 2016-027 and No. 2016-033) on 25 March 2016	-6,242,827.39	0.62%	No
Other notes	N/A							

III. Core Competitiveness Analysis

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

Yes No

(I) Brand capacity

The Company is one of the famous home appliances manufacturers in the PRC, owns several product lines such as refrigerator, freezing box and air conditioner. Meiling trademark is listed as one of the most valuable brands in the PRC, well-known trademark in China; the trademark “Athena” in refrigerator, freezer (services) of the Company was recognized as the famous mark in

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

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

(II) Product capacity

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

The Company owned advanced development and quality assurance systems, and received certification of ISO9001, ISO140001 and OHSAS18001 from domestic and overseas authorities.

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

As for the air conditioning products, the company adheres to the technical strategy by taking intelligence and variable frequency as the core, intensively studies the human state perception technology and intelligent interactive technology, focuses on completing the research and development of intelligent voice recognition technology and productization, successively releases the first generation of CHiQ air conditioner based on "human state perception" technology and CHiQ intelligent air steward that can automatically change air.

In terms of washing machine, the Company has actively developed the core technology of Meiling washing machines, upgraded its product lineup, continuously laid out the large-scale washing and drying integration, and innovated the era of drum-type healthy washing. The Company has developed and launched a series of drum-type washing machines, including Meiling520 Zhenrui washing and drying series front loading washing machines and Meiling vortex full-automatic drum-type washing machine series with light luxury gold appearance, large capacity and high efficient washing and drying technology, a number of patented technologies, and high efficient and environmental protection and energy saving configuration, especially the XQB80-19BPLQ1 and MB80-19PZLGX series variable frequency washing machines use DD (direct drive) variable frequency motor which provides more precise control, less energy loss, less noise, and longer life.

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

In terms of cryogenic products, the Company has continued to increase R&D investment and promote the upgrading of technologies and products. The Company's existing ultra low freezer,

plasma blaster freezer, blood bank refrigerator, medical refrigerator, combined refrigerator & freezer and medical freezer and other biomedical products have been widely used in medical and health, disease control and epidemic prevention, blood systems, research institutes, bio-pharmaceutical, genetic engineering and life sciences and other fields. Especially in ultra low products, the Company has the $-40\text{ }^{\circ}\text{C} \sim -164\text{ }^{\circ}\text{C}$ ultra-low freezer storage tank with the largest volume, the widest temperature zone, and mute design in the world.

The Company insisting on the two products strategy as intelligence and frequency conversion, with follow-up R&D of the intelligence and frequency conversion, promoting products of the Company leading in high-end and technology innovation; meanwhile, the company improves the manufacturing efficiency and product quality and enhances product competitiveness by comprehensively implementing intelligent upgrading and rebuilding to all production lines. In addition, the company has initially completed the layout for integrated white goods. Meanwhile, based on "Intelligent Home Eco-circle" plan and taking the existing products as the core, the company will enhance the development, manufacturing, sales and collaboration capabilities of integrated white goods, and provide users with a set of intelligent white goods system solutions.

(III) Operation capacity

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

(IV) Marketing ability

The company has established a relatively complete sales network and service system, of which, the domestic sales channels emphasizing online and offline collaboration and integration, through the business operation mode system construction (target management, value chain management, sales promotion, product mix and channel strategy, etc.) and promotion, the pace of business this year constantly tends to be benign, has a balanced development in chain, wholesale, e-commerce and other channels, and the product competitiveness has been improved; the overseas market has been strengthened by increasing the investments in overseas marketing organizations, research and development bases and production bases, cooperate with internationally-known home appliance brand business and dealer, optimized the client structure and improve product structure, the company has been actively develop the overseas market, and the products have been exported to more than 130 countries and regions.

Section IV. Discussion and Analysis of the Operation

I. Introduction

2017 was the second year of the Company's "13th Five-Year" plan and was also a year in which all Meiling people were making strides. Under the guidance of the "Meiling Dream" and "Double Three One Core" strategy, the Company adhered to the operating principles of "Product Leading, Manufacturing Breakthrough, Marketing Force, and Mechanism Guarantee", overcame the unfavorable factors including stagflation of industry, the rise of raw material costs, labor costs, and transportation costs, and achieved significant growth in sales revenue through the innovation of mechanism management, activation of internal teams, benchmarking learning from industry-leading competitors, and the re-establishment of key capabilities. Among them, in terms of product leading, the Company's refrigerator (freezer) products significantly increased the ratio in air-cooling, variable-frequency, intelligent, fresh-keeping, and large-volume, accelerated the upgrading of products, firstly launched the "M Fresh Life" series refrigerator with water molecule activation and preservation technology in the worldwide, and further enhanced the product differentiation competitiveness. In terms of manufacturing breakthroughs, the high-speed production line of its subsidiary Jiangxi Meiling was successfully put into operation, the efficiency of the large-scale refrigerators' smart manufacturing production was outstanding, and breakthroughs were made in the "less labor project". In terms of marketing force, the sales revenue of the Company's refrigerators (freezers) and air conditioners at home and abroad, and the washing machines and small household electrical appliances had a growth trend shoulder to shoulder, and the steady development of biomedical and fresh e-commerce further consolidated the Company's industry position. In the aspect of mechanism guarantee, the team has been greatly activated and the supporting responsibility mechanism has been gradually improved by signing medium and long term incentive plans with major business units. In addition, the Company has firmly grasped the mainstream of consumption upgrading, adhered to technological innovation, and significantly improved the Company's product structure transformation and upgrading.

II. Main Business Analysis

(I) Overview

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

Yes No

1. Introduction

During the reporting period, the Company achieved a year-on-year growth in both online and offline sales. In the case of stagflation in the refrigerator industry, the domestic sale of the

Company's refrigerators outperformed the market and achieved a steady increase in market share and average price, the air conditioner achieved a rapid and substantial growth, the export sales of refrigerators (freezers), air conditioners maintained a momentum of rapid growth, the sales of main products all outperformed the broader market; the washing machines maintained a growth in business, and also reached an agreement with Candy Group in Italy to set up a washing machine joint venture, which enhanced the competitiveness of the Company's washing machine products; the small home appliances, biomedical and fresh e-commerce businesses rose abruptly based on their accumulated strengths with a rapid growth in business synchronization.

In 2017, refrigerator and freezer business achieved revenue of approximately RMB 7.465 billion, 11.77% increased on a y-o-y basis; air-conditioning business achieved revenue of approximately RMB 7.005 billion, 68.47% up y-o-y; washing machine business achieve revenue around RMB 0.706 billion, with year-on-year growth of 38.92%; other business of kitchen & toilet products and small home appliance have revenue approximately as RMB 0.838 billion with 23.16% up y-o-y. At the same time, revenue from exportation gains RMB 3.841 billion, a y-o-y growth of 31.69%.

(1) The domestic sale of the Company's refrigerators and washing machines outperformed the market, the product structure of freezers and air conditioners was optimized and upgraded, and the market position was further consolidated and improved. From the offline market sales, CMM's data showed that the retail sales of refrigerator industry slightly rose by 0.62% on a year-on-year basis, but the retail sales of the Company's refrigerator rose by 2.63% on a year-on-year basis; the retail sales of freezer industry declined by 11.20% on a year-on-year basis, and the retail sales of the Company's freezer declined by 15.24% on a year-on-year basis; the retail sales of air-conditioner industry rose by 12.55% on a year-on-year basis, but the retail sales of the Company's air conditioner rose by 7.01% on a year-on-year basis; the retail sales of washing machine industry slightly rose by 0.57% on a year-on-year basis, but the retail sales of the Company's washing machine rose by 2.71% on a year-on-year basis. At the same time, CMM's data also showed that the market share of the Company's refrigerator retail sales reached 8.82%, rising by 0.12% on a year-on-year basis; the market share of the Company's freezer retail sales reached 9.29%, an increase of 0.43% on a year-on-year basis; and the market shares of air conditioner and washing machine basically held the line compared with the same period of last year.

From the online sales, the company's online refrigerator and air conditioning sales have further enlarged the results. AVC (All View Cloud) data show that the retail sales of refrigerator industry rose by 57.85% on a year-on-year basis; the retail sales of the company's refrigerator rose by 85.84% on a year-on-year basis; the retail sales of air-conditioning industry rose by 114.77% on a year-on-year basis; the retail sales of the company's air-conditioning rose by 95.94% on a year-on-year basis. At the same time, as for the online markets, AVC data show that the market share of the company's refrigerator retail sales reached 8.25%, an increase of 1.24% on a year-on-year basis; the market share of the company's freezer retail sales reached 6.63%, an decrease of 3.85% on a year-on-year basis; and the market shares of air conditioning, and washing machine retail sales also increased on a year-on-year basis.

(2) As for the export business, the company's refrigerator and air-conditioning product lines have continued to maintain a rapid growth like a few years ago. According to the customs data and

statistics, the amount of exports of refrigerator industry rose by 17.59% on a year-on-year basis, the company's amount of exports rose by 16.11% on a year-on-year basis; the amount of exports of air conditioning industry rose by 5.06% on a year-on-year basis, the amount of exports of the company's air conditioning rose by 56.14% on a year-on-year basis, the export growth of the company's refrigerator and air conditioning exceeded the industry. In terms of the market shares, according to the customs data and statistics, the market share of the company's refrigerator exports reached 5.81%, basically the same as last year; the market share of freezer exports reached 2.74%, an decrease of 0.23% on a year-on-year basis; the market share of air conditioning exports reached 1.96%, an increase of 0.64% on a year-on-year basis;

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

During the reporting period, in accordance with the development strategy and operating principles of “product leading, marketing force, manufacturing breakthrough, and mechanism protection” in 2017, the company has deployed the annual business plan, arranged the production and management, and carried out the following activities:

(1) Product leading

The Company carried out the product upgrades based on the intelligent and variable frequency product strategy, took energy efficiency upgrades and preservation as breakthroughs so as to comprehensively increase the competitiveness of products and further strengthen the advantages of variable frequency differentiation. During the reporting period, the proportions of the Company's intelligent & variable frequency refrigerators, and variable frequency air conditioners all achieved significant growth, and the product upgrades achieved the expected goals. At the same time, the competition for new energy efficiency in the industry became normalized, and the Company firmly grasped the market opportunities for energy efficiency upgrades and improved the product competitiveness.

In terms of technology research, the Company insisted on the upgrades of basic research on core technology, maintained the existing technological advantages, expanded the innovation and upgrades in technology field, achieved differentiated breakthroughs, and launched high-end products to lead the industry. In November 2017, the Company released the “M Fresh Life” series refrigerators equipped with the “water molecule activation and preservation technology”, which adopted the original water molecule activation and preservation technology to activate the water molecules by vibrating the moisture in the food, and then the activated water molecules generated resonance force, fission force and penetration force to have a long-acting and deep-level control to the freshness and completely solve the existing problems of traditional refrigerators in single space, short fresh-keeping time, nutrition loss and much bloody water in frozen and thawed process, slow cooling speed, and poor fresh-keeping in bags, and so on, fully satisfied the high-end needs of maximumly guaranteeing the food material quality and no loss of nutrition, increasingly favored by high-end user groups, and once again raised the preservation revolution in the refrigerator industry. At present, the Company's original water molecule activation and preservation technology has passed the national-level technology certification and is at the international advanced level. In addition, the “M Fresh Life” refrigerator has won two world

record awards, “the domestic refrigerator with the longest preservation time in the world” and “the domestic refrigerator with the minimum nutrition loss rate in the world” .

(2) Marketing force

In terms of domestic sales, the Company focused on the marketing culture concept of “integrity, service, profession, and passion”, changed concepts and strengthened service awareness; motivated by the slogan of “the most active brand at terminal, and the most diligent marketer in the market”, the Company’s marketing ability was significantly improved, all product lines achieved a healthy and continuous growth. Among them, the increase in refrigerators was higher than that of the industry, the air-conditioning products had an outbreak of increase, the freezers achieved an upgrade and reversed the downward trend, the washing machines achieved cooperation with Candy Group, small home appliances had a significant growth, and the biomedical and fresh e-commerce business developed steadily.

In overseas markets, the sales volume and average price of products also made new breakthroughs, and the export business continued to maintain a growth trend.

(3) Manufacturing breakthrough

In December 2017, the intelligent production line for annually producing 1 million sets of environmental protection and energy-saving refrigerators of the subsidiary company Jiangxi Meiling was put into production. The project is a major move and layout for Meiling to achieve transformation and upgrade and realize strategic goals. The production line is also a representative of the high level, high efficiency, and high production quality in the domestic industry, and is a solid move for Meiling to transform from traditional manufacturing to intelligent manufacturing. .

During the reporting period, the five major projects of Jiangxi Meiling, including Intelligent Production Line Construction Project, Large Refrigerator Efficiency Improvement Project, Recruitment Workers Improvement Project, 300L+ Large Refrigerator Replacement Key Project, and Smart Production Project were implemented in an orderly manner. At the same time, the Company’s intelligent manufacturing capacity enhancement project was progressing smoothly, the completion of the benchmarking line project pilot construction of phase I and the benchmarking automation project duplication and generic benchmarking project of phase II pulled the entire promotion of the Company’s manufacturing efficiency, the order delivery rate of refrigerators and freezers in domestic sales and the delivery satisfaction rate of overseas customers in 2017 have increased on a year-on-year basis.

(4) Mechanism guarantee

With respect to mechanism guarantee, the Company further implemented the incentive mechanism, activated the team, designed multi-level and multi-form incentive mechanisms for different industries and units, continued to explore team potential, and improved the Company’s competitiveness; in the talent mechanism, the Company continued to promote the 100 people echelon project to select and train all kinds of key employees; in the innovation mechanism, the Company brought the innovative spirit and fault-tolerant mechanism into the relevant management system; in the accountability mechanism, the Company combined with the accountability system and further defined the boundary of departmental functional responsibilities, and embedded ARCI

rule into the system documents; in the benchmarking mechanism, the Company confirmed the benchmarking projects and actively promoted by the establishment of working mechanism.

In addition, with the advent of intelligent internet, sharing economy and personalized consumption, the traditional retail model was unable to meet new consumer demands. Under the background of the transformation and upgrading of intelligent manufacturing, the Company actively explored the future development road, in January 2018, the Company signed a strategic cooperation agreement with the artificial intelligence leading enterprise Deep Blue Technology (Shanghai) Co., Ltd. to jointly build a new intelligent ecology. Two parties cooperated and released the smart retail unmanned refrigerators, through the artificial intelligence, machine vision, biometric identification, bio-payment, settlement systems, and other solutions for shared devices, the consumer can purchase and fetch the goods and close the door only by palm print identification after the registration for the first time, which greatly improved the user experience and shopping efficiency.

This strategic cooperation was based on the strong support of the Company's intelligent manufacturing. Through the rapid blocking out of smart retail, Meiling shall achieve the further implementation and layout of fresh e-commerce, establish a new nationwide smart terminal platform, and build a new intelligent ecosystem for the rapid energy storage of the industry chain. In the future, the Company will promote the rapid application and popularization of artificial intelligence new retail technologies, allow the Company's "Smart Home Ecosystem Project" to quickly take root, and provide consumers with more personalized services by relying on smart big data analysis technology.

On the whole, in 2017, the industry launched a vigorous wave of product upgrades in the face of intensified competition, consumption upgrades, and quality consumption brought by update demand. Through the joint efforts of all Meiling people, on the one hand, the Company outperformed the market in product sales, the product structure upgraded significantly, the proportion of variable frequency and intelligent products had a continuous increase, especially the release of "M Fresh Life" series refrigerators raised a wave of preservation technology in the industry and led a preservation revolution in the industry, and it is also an important product for the Company to transform to the high-end consumer market. On the other hand, the Company continued to focus on the "Smart Home Ecosystem Project", and actively explored a new path for the transformation and upgrading of home appliance enterprises under the further development of internet technology, taking its own hardware products as the terminal, and focusing on food, air, water and other requirements for the exploration of new business models.

(II) Revenue and cost

1. Constitute of operation revenue

In RMB

	2017		2016		Increase/decrease y-o-y
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total of operation revenue	16,797,436,757.36	100%	12,526,710,867.49	100%	34.09%

According to industries					
Manufacture of household appliances	16,013,327,582.28	95.33%	12,025,103,352.55	96.00%	33.17%
Other business	784,109,175.08	4.67%	501,607,514.94	4.00%	56.32%
According to products					
Refrigerator, freezer	7,464,503,149.31	44.44%	6,678,568,374.39	53.32%	11.77%
Air-conditioning	7,005,144,650.67	41.70%	4,158,164,312.32	33.19%	68.47%
Washing machine	705,875,802.77	4.20%	508,133,090.63	4.06%	38.92%
Small appliance and kitchen	536,291,620.64	3.19%	423,162,351.81	3.38%	26.73%
Other products	301,512,358.89	1.80%	257,075,223.40	2.05%	17.29%
Other business	784,109,175.08	4.67%	501,607,514.94	4.00%	56.32%
According to region					
Domestic	12,941,622,221.55	77.05%	9,603,142,676.83	76.66%	34.76%
Foreign	3,855,814,535.81	22.95%	2,923,568,190.66	23.34%	31.89%

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

Applicable Not applicable

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

Yes No

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Manufacture of household appliances	16,013,327,582.28	13,092,373,731.24	18.24%	33.17%	36.52%	-2.01%
According to products						
Refrigerator, freezer	7,464,503,149.31	6,042,215,238.91	19.05%	11.77%	15.40%	-2.55%
Air-conditioning	7,005,144,650.67	5,766,992,639.83	17.67%	68.47%	71.90%	-1.65%
Small appliance	536,291,620.64	456,677,143.84	14.85%	26.73%	20.24%	4.61%

and kitchen						
According to region						
Domestic	12,172,421,690.59	9,465,251,585.24	22.24%	33.64%	35.67%	-1.16%
Foreign	3,840,905,891.69	3,627,122,146.00	5.57%	31.69%	38.78%	-4.82%

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

Applicable Not applicable

3. Income from physical sales larger than income from labors

Yes No

Industries	Item	Unit	2017	2016	Increase/decrease y-o-y (%)
Manufacture of household appliances industry	Sales volume	10 thousand pieces/set	1,508.66	1,237.08	21.95%
	Production	10 thousand pieces/set	1,547.89	1,253.24	23.51%
	Inventory	10 thousand pieces/set	169.85	130.62	30.03%

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

Applicable Not applicable

Subordinate wholly-owned subsidiary – Sichuan Changhong Air Conditioner Co., Ltd. (hereinafter referred to as Changhong AC) have a certain reserve for the upcoming relocation, thus the inventory goes up from a year earlier.

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

Applicable Not applicable

5. Constitute of operation cost

Industry classification

In RMB

Industries	Item	2017		2016		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Manufacture of household appliances	Raw material	12,170,622,123.33	92.96%	8,760,386,320.44	91.58%	1.38%

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

Yes No

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

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

Applicable Not applicable

8. Major sales and main suppliers

(1) Major sales client of the Company

Total top five clients in sales (RMB)	5,993,839,490.34
Proportion in total annual sales volume for top five clients	35.68%
Proportion of the related parties' sales in total annual sales volume for top five clients	23.18%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Client I	2,256,203,510.44	13.43%
2	Client II	1,407,238,139.85	8.38%
3	Client III	1,272,889,729.08	7.58%
4	Client IV	692,253,111.98	4.12%
5	Client V	365,254,998.99	2.17%
Total	--	5,993,839,490.34	35.68%

Other situation of main clients

Applicable Not applicable

(2) Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	2,849,858,364.95
Proportion in total annual purchase amount for top five suppliers	18.09%
Proportion of related party's purchase in total annual purchase amount for top five suppliers	10.29%

Information of top five suppliers of the Company

Serial	Name	Sales (RMB)	Proportion in total annual purchase
1	Supplier I	783,669,187.79	4.97%
2	Supplier II	690,886,554.31	4.39%
3	Supplier III	557,786,009.24	3.54%
4	Supplier IV	445,228,789.57	2.83%
5	Supplier V	372,287,824.04	2.36%
Total	--	2,849,858,364.95	18.09%

Other notes of main suppliers of the Company

Applicable Not applicable

(III) Expenses

In RMB

	2017	2016	Increase/decrease y-o-y	Note of major changes
Sales expense	2,434,337,059.85	1,855,396,448.81	31.20%	Sales expenses increased due to the increase of sales scale in the period
Management expense	496,931,743.04	472,146,980.73	5.25%	--
Financial expense	-33,648,833.18	-139,879,189.92	75.94%	Interest cost increased from a year earlier and change of the gains/losses from exchange
Income tax expenses	20,520,373.53	29,044,015.72	-29.35%	--

(IV) Investment in R&D

Applicable Not applicable

In 2017, the Company insisted on the upgrade of fundamental research on core technology in technical research, maintained its existing technological advantages, expanded the innovation and upgrade in the technological field, made breakthroughs in differentiation, continued to promote product upgrades, and led the development orientation in the industry.

In terms of the refrigerator, the Company focused on its technology planning and core technology for technology development, and carried out the research on intelligent interaction technology, food fresh keeping technology, energy saving and mute technology, wide rotation speed variable frequency technology, air duct design technology, and vacuum insulation technology, etc. The advent of “M Fresh Life” series refrigerator with the Company’s original “water molecules activation and preservation technology” once again lifted a preservation revolution in refrigerator industry, greatly promoted the Company’s brand influence and reputation, and became a new start to Meiling’s transformation to high-end consumer market; in addition, in order to realize the high-end transformation, technological innovation and industry leading by advancing the follow-up research, popularization, and technology updates of intelligent and variable frequency

products, the Company intensified the advance of research and development of a new generation of CHiQ products, continued to vigorously promote 0.1 °C variable frequency series refrigerator and realize the continuous increase in proportion of intelligent and variable frequency refrigerators and variable frequency freezer, accelerated the popularization of medium and small air cooling refrigerator, and realized the fast rise in proportion of air cooling refrigerator.

In air conditioning, according to the strategic planning of holistic intelligent air ecosystem, the Company core with the technical strategic as intelligence and frequency conversion, carrying out variable frequency control in depth, CFD&CAE simulation, intelligent voice, and basic core ability construction as recognition and interaction etc. Focused on breakthroughs in user perception and user experience, the Company completed the research on the fourth-generation intelligent and comfortable precise temperature control technology platform and single-board and single-chip and dual-drive technology platform, and the transformation applications on the product, mastered the industry-leading control technology represented by PMV comfort control and natural wind control, created super-energy-saving, super-comfortable, ultra-quiet and healthy air conditioner; the Company carried out reliability and performance simulation for simulation technology by focusing on compressor and system piping vibration, outdoor unit shutters and other harsh working conditions to optimize the system and air duct of outdoor unit, reached the advanced level of benchmarking industry, realized the product upgrades, and promoted the brand competitiveness. The intelligent voice technology was successfully applied in the “slim waist” series air conditioners represented by Q2F, resulting in the hot selling Changhong smart high-end products in 2017 and the great promotion of product image.

In terms of biopharmaceutical, the Company’s subsidiary Zhongke Meiling, a three board listed company, greatly expanded the mobile and cryogenic application area with its own advantages, and pioneered the compressor-free DW-HL1.8TL cryogenic storage tank. As the world’s smallest portable ultra-low temperature product, it has achieved the rapid cooling and adapted to a variety of power supplies, which refreshed the world’s perception and protected the precious sample in the whole process of low-temperature storage. At the same time, through the use of new technologies, Zhongke Meiling further developed energy-saving and noise-reducing variable frequency ultra-low temperature series products and thoroughly implemented the green design green corporate philosophy. In addition, the Company’s new refrigerator series products achieved all-round uniform cooling which protected the long-term storage safety of the last link of the cold chain storage system, and the products were sold all over the country. At present, all the products of Zhongke Meiling are matched with remote monitoring systems, real-time display the status of the items in the box, achieved full-time and real-time monitoring to ensure the safety of the items in the box.

R&D investment of the Company

	2017	2016	Change ratio
Number of R&D (people)	1570	1204	30.40%
Ratio of number of R&D	14.29%	10.85%	3.44 percentage points up
R&D investment (Yuan)	761,572,843.03	680,286,093.75	11.95%

R&D investment accounted for R&D income	4.53%	5.43%	0.90 percent points down
R&D investment capitalization (Yuan)	116,704,686.42	62,282,986.30	87.38%
Capitalization R&D investment accounted for R&D investment	15.32%	9.16%	6.16 percentage points up

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

Applicable Not applicable

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

Applicable Not applicable

The Company carried out the product upgrades based on the strategy of intelligent and variable frequency products, and accelerated the distribution of new products, which further consolidated and improved its market position. During the reporting period, the Company increased its investment in the technology research and the development of refrigerator (freezer) and air conditioner and high value-added new products, especially the development of intelligent product technology, variable frequency technology, and long-term preservation technology (water molecule activation and preservation technology, etc.), resulting in a large increase in capitalization amount of R&D input during the reporting period over the previous year.

(V) Cash flow

In RMB

Item	2017	2016	Y-o-y changes
Subtotal of cash in-flow from operation activity	14,940,892,460.66	12,094,822,197.35	23.53%
Subtotal of cash out-flow from operation activity	15,492,394,455.40	11,109,431,301.72	39.45%
Net cash flow from operation activity	-551,501,994.74	985,390,895.63	-155.97%
Subtotal of cash in-flow from investment activity	5,451,591,320.85	694,384,009.64	685.10%
Subtotal of cash out-flow from investment activity	4,960,940,585.00	1,629,560,848.76	204.43%
Net cash flow from investment activity	490,650,735.85	-935,176,839.12	-152.47%
Subtotal of cash in-flow from financing activity	2,880,194,862.03	3,184,640,052.87	-9.56%
Subtotal of cash out-flow	1,673,559,914.76	1,418,900,313.83	17.95%

from financing activity			
Net cash flow from financing activity	1,206,634,947.27	1,765,739,739.04	-31.66%
Net increased amount of cash and cash equivalent	1,103,667,350.63	1,864,937,181.75	-40.82%

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

Applicable Not applicable

Net cash flow from operation activity has major changes mainly because: the cash paid for purchasing goods and receiving labor service I the period are over than that of cash received from good sales and providing labor services.

Net cash flow from investment activity has major changes mainly because: cash from entrusted financing collected in the period increased over that of last period.

Net cash flow from financing activity has major changes mainly because: cash received from privately placement last period, while no such money occurred in the period.

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

Applicable Not applicable

Operational receivable at period-end increased and Stock over that of period-beginning.

III. Analysis of the non-main business

Applicable Not applicable

In RMB

	Amount	Ratio in total profit	Note	Whether be sustainable
Investment income	102,766,412.15	181.52%	The financing income and disposal of Hefei Wanmei Property in the period	No
Gains/losses from fair value changes	-11,888,232.24	-21.00%	Loss of fair value changes in forward foreign exchange contract in the period	No
Asset impairment	50,913,972.56	89.93%	Accrual of the inventory falling price reserves in the period increased	No
Non-operating income	5,671,791.04	10.02%	Government subsidy received in the period	No
Non-operating expense	222,977.82	0.39%	The fines and arrears paid in the period	No

IV. Assets and liability

(I) Major changes of assets composition

In RMB

	End of 2017		End of 2016		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	5,283,081,788.04	33.10%	4,058,869,234.63	32.45%	0.65%	The entrusted financing collected at expiration in the period and collection of sales return for goods increased
Account receivable	1,780,416,509.02	11.15%	1,118,960,552.49	8.95%	2.20%	Sale scale increased in the period and more ratio of credit customer in sales
Inventory	2,918,100,650.27	18.28%	1,974,526,734.86	15.79%	2.49%	Inventory increased from a year earlier for the growth of sales in the period
Investment real estate	9,569,711.72	0.06%	13,275,631.40	0.11%	-0.05%	Part of the investment real estate are disposed by parent company in the period
Long-term equity investment	90,534,671.92	0.57%	81,643,631.37	0.65%	-0.08%	No major changes
Fix assets	1,439,427,226.50	9.02%	1,204,093,169.72	9.63%	-0.61%	No major changes
Construction in progress	174,857,717.15	1.10%	107,037,409.95	0.86%	0.24%	Project of construction in progress increased in the period
Short-term loans	1,631,206,000.00	10.22%	288,343,724.73	2.31%	7.91%	Short-term loans from parent company increased in the period
Long-term loans	253,160,000.00	1.59%	38,908,788.00	0.31%	1.28%	Long-term loans from parent company increased in the period

(II) Assets and liability measured by fair value

√ Applicable □ Not applicable

In RMB

Items	Amount at the beginning period	Changes of fair value gains/losses in this period	Accumulative changes of fair value reckoned into equity	Devaluation of withdrawing in the period	Amount of purchase in the period	Amount of sale in the period	Amount in the end of period
Financial assets							
1. Financial assets measured by fair value and whose change is recorded in current gains and losses (excluding	12,060,213.30	3,586,518.18					15,646,731.48

derivative financial assets)							
Subtotal of financial assets	12,060,213.30	3,586,518.18					15,646,731.48
Total	12,060,213.30	3,586,518.18					15,646,731.48
Financial liabilities	559,249.58	15,474,750.42					16,034,000.00

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

Yes No

(III) Assets right restricted ended as reporting period

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

V. Investment

(I) Overall situation

Applicable Not applicable

Investment in the reporting (RMB)	Investment in the same period of last year (RMB)	Changes
992,441,301.50	202,350,000	390.46%

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

Applicable Not applicable

In RMB

Name of investee	Principal business	Method of investment	Amount of investment	Shareholding	Capital sources	Partners	Term of investment	Type of products	Status as of the balance sheet date	Expected return	Current investment profit and loss	Whether litigation	Date of disclosure (if applicable)	Index of disclosure (if applicable)
Meiling CANDY Washing Machine Co., Ltd.	R&D, sales and after-sale services of washing machines; own and operate all types of goods and technology import & export business	Newly established	90,000,000	60%	Self-owned capital	Candy Hoover Group S.r.l	20 years	Washing machine, etc.	Invested RMB 45 million in the Period	Not applicable	-1,252,230.18	No	2017-3-30	Juchao Website: http://www.cninfo.com.cn (No.: 2017-010)
Changmei Technology Co., Ltd.	Development, production and sales of computer hardware & software, technology development, production and sales of internet of Things equipment, development and maintenance of E-commerce software, information service, technical transfer and services of the internet, domestic AD designing, production, agencies	Capital investment, acquisition	48,128,000	96.256%	Self-owned capital	Management team of Changmei Technology	20 years	Fresh online retailers	In reporting period, invested 2 nd phase capital and purchased 14.424 million Yuan equity	Not applicable	-12,625,874.56	No	2016-1-8、2016-11-26、2017-11-10	Juchao Website: http://www.cninfo.com.cn (No.: 2016-002, No.: 2016-068 and No.: 2017-088)

	and release, sales of prepackaged food, dairy products, general merchandise, alcohol, beverage and agricultural products, crop planting, self-support goods and technology import and export business(Except for items prohibited or restricted by laws and regulations)								from natural persons, totally 32.424 million Yuan contributed accumulate.					
Zhongke Meiling Cryogenic Technology Co., Ltd.	Researching, development, manufacturing sales and service of cryogenic refrigeration equipment and products; development, production, sales and service of medical device class-II as 6858 medical treatment, low-temperature & cold-storage equipment and instrument; computer network system integration; intelligent product system integration; software development and technology information services; development, production, sales and service of electronic products and automation equipment; installation of refrigeration engineering equipment and their debugging, maintenance and sales; sales service of cold chain transport vehicle and refrigerated car; development, production, sales and service of cold chain incubator;	Acquisition	45,900,000	66.8703%	Self-owned capital	Zhongke Xianxing (Beijing) Assets Management Co., Ltd.; Qu Yaohui, Fang Rongxin, Xu Shengchao, Hu Xiaozong, Yang Guangzhao, Tao Yu and Wang Dongyong	Long-term	Cryogenic refrigeration equipment	1. In reporting period, transferee of the equity (Zhongke Meiling) in part of the staffs are priced at 1.63 Yuan/Share (652,000 Yuan in total), 0.4 million shares transferred. After transferred, shareholdin	Not applicable	8,342,581.41	No	2017-8-10、8-22	Juchao Website: http://www.cninfo.com.cn (No.: 2017-053 and No.: 2017-067)

<p>development, production, sales and service of cold storage and commercial cold chain products; development, production, sales and service of liquid nitrogen biological containers and accessories; development, production, sales and service of household health products, medical consumables, lab consumable and CCTV products; self-management and agency for variety commerce and technology import and export business</p>							<p>g ratio of Zhongke Meiling by the Company goes to 67.3514% from 66.7645%. 2. In reporting period, Zhongke Meiling has additional stock issue tailed for management s, and the Company gives up the right of preemption, shareholdin g ratio of Zhongke Meiling by the Company</p>					
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									downs to 66.8703% from 67.3514%.					
Sichuan Changhong Air Conditioning Co., Ltd.	Construction of mechanical & electrical installation of building, research, production, sales, installation and service of household appliance, refrigeration & AC equipment, air source heat pump (cold water) unit, water (ground) source heat pump unit & related accessories; equipment leasing, spare parts processing and sales of metal materials (excluding gold and silver)	Capital increment	850,000,000	100%	Self-owned capital	N/A	20 years	Air conditioning products	Invested RMB 650 million in the Period	Not applicable	140,358,946.98	No	2017-8-10	Juchao Website: http://www.cninfo.com.cn (No.: 2017-053 and No.: 2017-061)
Sichuan Hongyun New -G IT Venture Capital Fund	Venture business: act on behalf of institution or individuals as other venture firms in a venture business; investment advisory business; providing venture management services for venture; participate in establishing a venture business and management consulting organ for the venture	Capital increment	40,000,000	16%	Self-owned capital	Sichuan Hongyun Venture Equity Investment Management Co., Ltd., State Development & Investment Corp., Sichuan Technolog	8 years	Not applicable	Invested RMB 14 million in the Period, and cumulative contributed RMB 26 million	Not applicable	--	No	2015-08-12	Juchao Website: http://www.cninfo.com.cn (No.: 2017-035)

						y Transfer Center, Sichuan Changhong Electric Co., Ltd., Chengdu Tianfu Innovation Equity Investment Fund Center (Limited Partner), Sichuan Changhong Jiahua Digital Technology Co., Ltd.								
Chengdu Guigu Environmental Tech. Co.,	R&D, manufacture, sales, installation and after-sale service of indoor air environment control system, air handling equipment, air-condition, negative ion products, new air purifier and accessories; sales of household appliance, air source water heater, solar photovoltaic power generation	Newly contribution	12,500,000	25%	Self-owned capital	Chengdu Dongyu Yihao Enterprise Management Consultant Partnership	Long-term	Indoor air environment control system	Invested RMB 12.5 million in the Period	Not applicable	-882,354.64	No	-	-

Ltd.	<p>equipment, electro-mechanical equipment, electronic products and refrigeration plant; sales service of system integration and installment; equipment leasing, spare parts external processing service and sales of metal materials (less-common metals excluded); development and sales of software and technical service; consulting and service of enterprise management.</p>				<p>p (LP), Chengdu Jiaoda Real Estate Developm ent Co., Ltd., Chengdu Southwest Jiaotong University Industry (Group) Co., Ltd., Sichuan Shuye Jiachen Real Estate Developm ent Co., Ltd., Shanghai Zhongche ng Xindaya Financial Informatio</p>								
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						n Service Co., Ltd. and Mianyang Ke Chuang Yuan Investment Holding Co., Ltd								
Zhongshan Hongyou Electric Co., Ltd.	Manufacturing and sales of the following: air-conditioner, air cooler, air purifier, heat pump, new wind system equipment, electric heater, electric fan, refrigerators and freezers, water heating, water filter, humidifier, clothes dryer, dehumidifier, air water machine, electric fireplace, kitchen appliance and tools as well as refrigerating unit and home appliances; sales of electric raw/auxiliary materials, electrical parts; goods and technology import & export business	Newly established	24,000,000	60%	Self-owned capital	Zhuhai Samyou Environmental Technology Co., Ltd.	Long-term	Home appliances as air-conditioner etc.	During the reporting period, the Company invested RMB 2 million in the first period, as the significant changes in the expected customers of the joint venture company, the future business	Not applicable	1,798.64	No	2017-3-14	Juchao Website: http://www.cninfo.com.cn (No.: 2017-006)

									<p>volume of the joint venture company may be substantially lower than the expectation. In order to avoid the follow-up investment risk, the two parties agreed to cancel the joint venture company through friendly negotiations , And start the cancellation procedures at beginning of 2018.At present, the</p>					
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									industrial and commercial cancellation procedures are being performed.					
Guanzhou Changhong Trade Co., Ltd.	Commodity wholesale trading (except for the licensed commodities); goods import & export business (exclusive monopoly commodities); technology import & export	Newly established	1,000,000	100%	Self-owned capital	N/A	Long-term	Not applicable	Invested RMB 1 million in the Period	Not applicable	-215,101.23	No	2016-11-26	Juchao Website: http://www.cninfo.com.cn (No.: 2016-068)
Changhong Ruban Electric Company (Private) Ltd.	Household appliances processing & assembling	Capital increment	\$ 6.9761 million	40%	Self-owned capital	Ruban General Trading FZE	Long-term	Refrigerators, air conditioners and other products	Increasing the capital of 3,001,600 Yuan (\$0.4521million) in the period	Not applicable	-400,790.01	No	2017-8-10	Juchao Website: http://www.cninfo.com.cn (No.: 2017-053 and No.: 2017-059)
Changhong Meiling Electr	Import trading, sales and service etc. of the household appliance	Capital increment	\$ 6 million	100%	Self-owned capital	N/A	Long-term	Not applicable	Increasing the capital of 19.9167 million Yuan in the	Not applicable	-6,242,827.39	No	2016-3-25	Juchao Website: http://www.cninfo.com.cn (No.: 2016-027)

ic Indon esia,P T									period, completed all capital investment					and No.: 2016-033)
Zhon gshan Hongl ing Trade Co.,Lt d.	Domestic trading; goods and technology import & export	Newly establis hed	1,000,000	100%	Self-o wned capital	N/A	Long-t erm	Not applicabl e	Invested RMB 1 million in the Period	Not applicabl e	378,304.6 8	No	2016-11-26	Juchao Website: http://www.cninfo.com.cn (No.: 2016-068)
Hebei Hong mao House hold Appli ance Techn ology Co., Ltd.	R&D, manufacture and sales of household electrical apparatus, non-electric household appliances (including gas heating water heater), furniture for kitchens and toilets, audio visual, radio and television equipment, computer, communications and other electronic devices, indoor hardware fitting (paint excluded), air and water purification equipment and weighing apparatus products; software and IT services; enterprise management consulting services etc.	Newly establis hed	5,000,000	100%	Self-o wned capital	N/A	20 years	Househo ld Electric Applianc es	Invested RMB 5 million in the Period	Not applicabl e	-2,277,38 3.23	No	2017-7-22	Juchao Website: http://www.cninfo.com.cn (No.: 2017-050)
Total	--	--	--	--	--	--	--	--	--	--	125,185,0 70.47	--	--	--

(III) The major non-equity investment doing in the reporting period

Applicable Not applicable

In RMB

Project Name	Investment Method	Fixed Investments or not	Industry involved in Investment Projects	Investment Amount in this Reporting Period	Accrued Actual Investment Amount up to the End of Reporting Period	Capital Source	Project Schedule	Anticipated Income	Accrued Realized Income up to the End of Reporting Period	Reasons for not Reaching the Planned Schedule and Anticipated Income	Disclosed Date (if any)	Disclosed Index (if any)
1 million sets of environmental and energy saving refrigerator intelligent production line construction project (Note 1)	Self-built	Yes	Home appliance manufacturing industry	84,411,016.48	84,411,016.48	Self-owned Funds	Complete 40.27% of total investment	The intelligent production line for one million sets of environmental and energy-saving refrigerators shall be formed after this project being put into operation	Project is under planning during the reporting period, no income yet.	Not Applicable	2017-3-14	Juchao Website: www.cninfo.com.cn (Announcement No. 2017-006)
2 million sets of automatic washing machines production base	Self-built	Yes	Home appliance manufa	139,535,900	139,535,900	Self-owned	The company successfully bade for the plant, office building and land use	The production capacity of 2 million sets of	Project is under planning during the	Not applicable	2017-3-30、2017-4-14	Juchao Website: www.cninfo.com.cn

project (Note 2)			cturing industr y			Fund s	rights under the name of Anhui Dongwei Solar Technology Co., Ltd. from the judicial sale with its own funds of RMB134, 585,900; it will be the implementation place for washing machine production base, construction of the project are in processing recently	automatic washing machine shall be formed after this project being put into operation	reporting period, no income yet.			(Announcem ent No. 2017-010, No. 2017-024)
Total	--	--	--	223,946,916.48	223,946,916.48	--	--	--	--	--	--	--

Note 1: In order to meet the increasing market demands, make up for the insufficient capacity, enhance the operating efficiency of the company's production line, and further promote the company's intelligent manufacturing process, the 28th meeting of the company's 8th Board of Directors approved and agreed the company's subsidiary Jiangxi Meiling Electric Appliance Co., Ltd. (Hereinafter referred to as "Jiangxi Meiling") to invest RMB 209,600,000 to build 1 million sets of environmental and energy saving refrigerator intelligent production line construction project, meanwhile, in order to ensure the smooth implementation of this investment and construction project, agreed the company to increase capital of RMB 200 million to Jiangxi Meiling for investing in this project. See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-006) on March 14, 2017. Currently, the project has been completed on 20 December 2017 and put into production at end of 2017

Note 2: According to the company's strategic development plan, combined with the company's business needs, and in order to make up for the insufficient research and manufacturing capacity of washing machine industry so as to meet the market demands, the 29th meeting of the company's 8th Board of Directors approved and agreed the company's to invest no more than RMB 371,210,000 in the construction of the 2 million sets of automatic washing machines production base project. In addition, the 29th meeting of the company's 8th Board of Directors approved and agreed the company to successfully bid for the plant and office building (covering an area of 86,087.65 square meters) and land use rights (covering an area of 116,233.61 square meters) under the name of Anhui Dongwei by public auction organized by the court with its own funds of RMB134, 585,900, and use the plant and land as the washing machine production base for construction. See details on "Securities

Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-010, No. 2017-024) on March 30, 2017 and April 14, 2017. The project construction is still under planning at present. Meanwhile, according to the “Adjudication” issued by People’s Court of Shushan District, Hefei City the Company will proactively handling relevant procedures of ownership transfer in aspect of lands and house assets

(IV) Financial assets investment**1. Securities investment**

Applicable Not applicable

The Company had no securities investment in the reporting period.

2. Derivative investment

√ Applicable □ Not applicable

In 10 thousand Yuan

Operator	Related relationship	Whether related trade or not	Type	Initial investment	Start date	End date	Investment amount at period-begin	Amount purchased in the reporting period	Amount sales in the reporting period	Amount of reserve for devaluation of withdrawing (if applicable)	Investment amount at period-end	Ratio of investment amount at period-end in net assets of the Company at period-end	Actual gains/losses in period
Financial institution	N/A	No	Forward foreign exchange contract	63,230.44	8 June 2016	26 June 2018	37,890.69	348,059.87	176,729.68	-	210,705.91	40.86%	-2,222.26
Total				63,230.44	--	--	37,890.69	348,059.87	176,729.68	-	210,705.91	40.86%	-2,222.26
Capital resource(if applicable)				Self-owned capital									
Lawsuit involved (if applicable)				Not applicable									
Disclosure date for approval from the Board for investment of derivatives (if applicable)				30 March 2017									
Disclosure date for approval from board of shareholders for investment of derivatives (if applicable)				4 May 2017									
Risk analysis and controlling measures for derivatives holdings in the Period (including but not limited to market				1. Market risk: domestic and international economic situation changes may lead to exchange rate fluctuations, forward foreign exchange transactions are under certain market risk. Forward foreign exchange business is aiming to reducing impact on corporate profits by foreign exchange settlement and sale prices, exchange rate fluctuations. The Company will follow up the exchange fluctuation, on the basis of target									

<p>risk, liquidity risk, credit risks, operation risk and law risks etc.)</p>	<p>rate determined from the business, relying on the research of the foreign currency exchange rates, combined with prediction of consignments, and burdening ability to price variations due to exchange rate fluctuations, then determine the plan of forward foreign exchange contracts, and make dynamic management to the business, to ensure reasonable profit level.</p> <p>2. Liquidity risk: all foreign exchange transactions are based on a reasonable estimate of the future import and export business, to meet the requirements of the trade authenticity. In addition, forward foreign exchange transactions are processed with bank credit, will not affect liquidity of company funds.</p> <p>3. Bank default risk: if cooperative banks collapse within the contract time, the Company will not be able to transact the original foreign exchange contracts with contract price, which leads the risk of income uncertainty. So the Company chose Bank of China, Agricultural Bank of China, Industrial and Commercial Bank of China, China Construction Bank and other Chinese Banks and part of the larger foreign Banks (such as Deutsche Bank, UOB, Overseas Chinese Bank, HSBC, etc.) to conduct the trading of foreign exchange capital. These banks share a solid strength and management whose failure and the risk of loss may bring to the Company is very low.</p> <p>4. Operational risk: improper operation of the person in charge of forward foreign exchange transactions may cause related risk also. The Company has formulated related management system which defines the operation process and responsibility to prevent and control risks.</p> <p>5. The legal risks: unclear terms based in contract signed with banks for related transactions may lead legal risks when forward foreign exchange transactions are processing. The Company will strengthen legal review, and choose good bank to carry out this kind of business as to risk control.</p>
<p>Invested derivative products have changes in market price or fair value in the Period, as for analysis of the fair value of derivatives, disclosed specific applied methods and correlation assumption and parameter setting</p>	<p>The Company determines fair value in accordance with the Chapter VII “Determination of Fair Value” carried in the Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments. Fair-value is basically obtained according to prices offered by bank and other pricing services. While fair-value of derivatives is mainly obtained according to the balance between prices given by outstanding contracts and forward prices given by contracts signed during the reporting period with bank. The differences are identified as trading financial assets and liabilities. During the reporting period, forward foreign exchange contracts and losses of the Company is RMB -22,222,600 yuan.</p>
<p>Specific principle of the accounting policy and calculation for derivatives in the Period compared with last period in aspect of major changes</p>	<p>Not applicable</p>
<p>Special opinion on derivative investment and risk control by</p>	<p>Upon inspection, the independent directors of the Company believes that: during the reporting period, the Company carried out its foreign exchange forward deals in strict compliance with the standardized operation guidelines for listed issuer on main board (2015 amended) issued</p>

independent directors	<p>by Shenzhen Stock Exchange, the Articles of Association, Authorization Management of the Company, Management System in relating to Foreign Exchange Forward Deals of Hefei Meiling Co., Ltd., and these deals were conducted within the authorization scope under general meeting and board meeting. The Company conducts no foreign exchange transactions on the purpose of getting profit only, all of the forward foreign exchange transactions are operates based on normal operating and production, which is relying on specific business operations with purpose of avoiding the preventing the risks in exchange rate. The forward foreign exchange fund transaction has close concerned with daily operation needs of the Company, and it benefit a lot in avoiding the exchange rate risks in import and exports business, and thus met its requirement for operation development. There was no speculative operation, no break of relevant rules and regulations and relevant business was conducted under corresponding decision-making procedures. Interests of the Company and entire shareholders, especially minority shareholders, were not prejudiced.</p>
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(V) Application of raised proceeds

Applicable Not applicable

1. Overall application of raised proceeds

Applicable Not applicable

In 10 thousand Yuan

Year	Way	Total raised capitals	Total raised capital used in Period	Total accumulative raised capitals used	Total raised capital has purpose of uses changed in Period	Cumulative raised capitals has purpose of uses changed in total	Ratio of cumulative raised capitals has purpose of uses changed	Total accumulative raised capitals unused	Usage of the retained raised capitals and what is expected to invested with those capitals	Raised capitals idle for more than two years
2016	Non-public offering of A-shares	154,073.272276	17,051.635693	50,802.138752	0	0	0%	108,002.557762	The raised funds that the Company has not run out will continue to complete the corresponding investment as planned. At the same time, according to the planning for equity investment projects, it's agreed the Company to use the idle raised funds of no more than RMB 1.06 billion (The amount can be rolled over) to invest in the principal-protected financial products after being approved by the Company's board of directors, board of supervisors, and the resolutions of	0

									shareholders' meeting, and after the independent directors issuing consentient independent opinions and sponsor agencies issuing unanimous verification opinions. The remaining funds are deposited in the designated raised capital account.	
Total	--	154,073.272276	17,051.635693	50,802.138752	0	0	0%	108,002.557762	--	0

Explanation on General usage of raised capital

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

Ended as 31 December 2017, actually fund of raised used accumulative amounted as 508,021,387.52 Yuan in total, balance of the account for fund raised counted as 1,080,025,577.62 Yuan (including interest income accumulative amounted as 9,115,551.55 Yuan and income from financial product at expiration 38,051,349.82 Yuan)

The Company accumulative used the fund raised amounted as 508,021,387.52 Yuan, the use of purpose including: intelligent construction has 82,689,804.44 Yuan in used; R&D ability for intelligence and new products for intelligent household appliance has 122,950,679.31 Yuan in used; smart life project totally used 31,500,840.00 Yuan; used in current fund supplementary counted as 270,880,063.77 Yuan (including saving interest of 147,341.01 Yuan)

2. Situation of committed project of raised proceed

√ Applicable □ Not applicable

In 10 thousand Yuan

Committed investment projects and over-raised fund investment	Change the project (Y/N) (including partially changed)	Total raised-fund commitment	Investment after adjustment (1)	Invested in the period	Cumulative investment amount till end of Period-end (2)	Investment progress till end of period-end (3)=(2)/(1)	Date of reach a predetermined state of use	Benefit achieved in the Period	Achieved expected benefits (Y/N)	Major changes of project feasibility (Y/N)
Committed investment project										
Construction of intelligent manufacturing project	No	39,100.00	39,100.00	5,611.653743	8,268.980444	21.15%	Intelligent manufacturing (Hefei) project: end of 2018, construction project of freezer intelligent : end of June 2018	--	Not applicable	No
Construction of intelligent R&D capability and new products development of the intelligent appliance technology	No	55,900.00	55,900.00	10,089.917950	12,295.067931	21.99%	End of 2018	--	Not applicable	No
Intelligent life project	No	32,000.00	32,000.00	1,350.064000	3,150.084000	9.84%	April 2021	--	Not applicable	No
Supplementary the floating capital	No	27,073.272276	27,073.272276	0	27,088.006377	100.05%	--	--	Not applicable	No
Subtotal of committed investment project	--	154,073.272276	154,073.272276	17,051.635693	50,802.138752	32.97%	--	--	--	--
Investment of the over-raised fund										

No over-raised fund in the Period										
Payment of bank loans (if applicable)	--	--	--	--	--	--	--	--	--	--
Supplementary the floating capital (if applicable)	--	--	--	--	--	--	--	--	--	--
Subtotal of over-raised fund investment	--	--	--	--	--	--	--	--	--	--
Total	--	154,073.272276	154,073.272276	17,051.635693	50,802.138752	32.97%	--	--	--	--
Conditions and reasons of failure to meet schedule or predicted income (by specific projects)	<p>1. In the "intelligent manufacturing construction project": the planning construction period of "intelligent manufacturing (Hefei) project" is 3 years, during the reporting period, phase I and phase II has completed in construction, phase III till in process. The planning and construction period of the "intelligent production line construction project for an annual increase of 600,000 sets of medium and large volume environmental protection energy-saving freezers" is one year. During the reporting period, because the Company's No. 9 plant in freezer plant area where the project construction site locates has been used by the subsidiary Zhongke Meiling Cryogenics Company Limited, the implementation of the project was influenced, and the project is still in the stage of factory planning.</p> <p>2. "Intelligent R&D ability building projects and new product development projects for intelligent home appliances": the planning and construction period of the "intelligent R&D ability building projects and new product development projects for intelligent home appliances" is three years. During the reporting period, the construction of Inspection & Testing Center Building was underway, the project had a smooth progress as planned, it's expected to be put into use in June 2018; completed the development and marketing of intelligent second-generation products, and the research and development of intelligent third-generation products has also completed the trial production in small batches and is planned to come into the market in the second half of 2018; other projects are being implemented smoothly.</p> <p>3. As the implementation subject of the Company's "Intelligent Life Project", Changmei Technology was established in April 2016. At present, Changmei Technology has three subordinate operating units in Mianyang, Hefei, and Chengdu, has arranged more than 120 groups of offline intelligent terminal cold chain devices in more than 100 communities through the investment in hardware facilities in Mianyang, Hefei, and Chengdu, and has established sorting and processing center and warehouses and other supporting facilities. At the moment, Changmei Technology is investing in the grading hardware facilities of Chengdu and</p>									

	<p>Hefei markets, and is actively exploring and cultivating market. The Company has the self-owned fresh e-commerce brand “ifoodtube”, and the platform has more than 160,000 registered members; continue to develop, improve, and upgrade the online software for intelligent life service platform. The Company will further strengthen the platform promotion, market development, consumer experience, and city and community operations, and enhance the consumer stickiness and collective orders from community consumers. It is the second year for the project construction in the period, Changmei Technology achieved a revenue of 17.8102 million Yuan for the year, profit after tax amounted as -13.495 million Yuan.</p> <p>4. Up to end of the period, investment in “Supplementary the floating capital” has over 100%, mainly due to the saving interest in fund raised used in the project</p>										
Presentation on the major changes in project feasibility	Not applicable										
Use progress of the raised-fund and purpose	Not applicable										
Changes of the site for raised-fund investment projects	Not applicable										
Adjustment of the raised-fund investment projects	Not applicable										
Up-front cost and replace of the raised-fund investment projects	<p>Ended as 31 October 2016, the Company contributed self-raised fund 63,984,738.91 Yuan for the raised-fund investment project, the money has replaced as 63,984,738.91 Yuan. Shine Wing CPA (LLP) made a special audit for pre-investment and carried out an Assurance Report on Invested Self-raised fund to the Raised-fund Investment Before Hand (XYZH/2016CD40285) (hereinafter referred as to Assurance Report). Replacement are as:</p> <p style="text-align: right;">In 10 thousand Yuan</p> <table border="1" data-bbox="904 1098 2051 1377"> <thead> <tr> <th data-bbox="904 1098 1167 1241">Raised-fund investment project</th> <th data-bbox="1167 1098 1339 1241">Total investment</th> <th data-bbox="1339 1098 1547 1241">Commitment capital for raised-fund project</th> <th data-bbox="1547 1098 1861 1241">Investment of self-raised fund invested till end of 31 October 2016</th> <th data-bbox="1861 1098 2051 1241">Amount replaced</th> </tr> </thead> <tbody> <tr> <td data-bbox="904 1241 1167 1377">Construction of intelligent manufacturing project</td> <td data-bbox="1167 1241 1339 1377">39,870.65</td> <td data-bbox="1339 1241 1547 1377">39,100.00</td> <td data-bbox="1547 1241 1861 1377">2,545.41</td> <td data-bbox="1861 1241 2051 1377">2,545.41</td> </tr> </tbody> </table>	Raised-fund investment project	Total investment	Commitment capital for raised-fund project	Investment of self-raised fund invested till end of 31 October 2016	Amount replaced	Construction of intelligent manufacturing project	39,870.65	39,100.00	2,545.41	2,545.41
Raised-fund investment project	Total investment	Commitment capital for raised-fund project	Investment of self-raised fund invested till end of 31 October 2016	Amount replaced							
Construction of intelligent manufacturing project	39,870.65	39,100.00	2,545.41	2,545.41							

	Construction of intelligent R&D capability and new products development of the intelligent appliance technology	55,900.00	55,900.00	2,053.06	2,053.06
	Intelligent life project	32,076.00	32,000.00	1,800.00	1,800.00
	Total	127,846.65	127,000.00	6,398.47	6,398.47
	The replacement has been deliberated and approved by the 27 th session of 8 th BOD and 14 th session of 8 th supervisory committee, independent directors are proposed an agreeable independent opinion, and sponsor institution carried out a verification opinion without objection.				
Supplement working capital temporary with idle raised-fund	Not applicable				
Balance and reasons of the implementation of raised-fund	Not applicable				
Use of funds and fund allocation for un-used raised-fund	<p>The raised-fund have not been used will continues to invested on the raised-fund projects in above mentioned table. Meanwhile, according to the raised-fund investment plan, and been approved by the Board, the Board of supervisors and shareholder general meeting, agreeable independent opinion from independent directors and with the verification opinion without objection issued by sponsor institution, it's agreed the Company to use the idle raised fund of no more than 1060 million Yuan (the amount can be rolled over) to invest in principal-protected financial products, the remaining funds are deposit in the designated raised capital account.</p> <p>Use of the raised-fund has no changes till recently.</p>				
Use of raised-fund and problems or other condition in disclosure	As for the relevant information of raised-fund disclosed, there is no any disclosure information that released without timely, true-ness, accurate and complete. The savings, usage, management and disclosure of the raised-fund have no violation conditions been found.				

3. The changed project of raised proceeds

Applicable Not applicable

No changes of raised proceeds in the Period.

VI. Sales of major assets and equity**(I) Sales of major assets**

Applicable Not applicable

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

(II) Sales of major equity

Applicable Not applicable

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

√ Applicable □ Not applicable

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

In RMB

Company name	Type	Main business	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Zhongke Meiling Cryogenic Technology Co., Ltd.	Subsidiary	Research and development, manufacturing and sales of ultra-low temperature freezer	68,640,300	267,581,540.42	125,981,368.86	143,090,796.12	14,006,755.07	12,482,579.70
Jiangxi Meiling Electric Co., Ltd.	Subsidiary	Manufacturing of refrigeration and freezer	50,000,000	302,652,075.40	91,097,257.64	650,405,956.72	4,483,610.83	4,485,610.83
Mianyang Meiling Refrigeration Co., Ltd.	Subsidiary	Manufacturing of refrigeration and freezer	100,000,000	133,153,091.24	112,524,474.84	258,278,364.39	18,006,960.01	14,526,818.51
Sichuan Changhong Air-conditioner Co., Ltd.	Subsidiary	R&D, manufacturing and domestic sales of air-conditioner	850,000,000	3,826,160,227.60	1,324,776,535.97	5,231,954,432.68	139,754,271.84	134,372,688.08
Zhongshan Changhong Electric Co., LTD	Subsidiary	R&D, manufacturing and foreign sales of air-conditioner	184,000,000	1,553,869,205.95	164,256,327.28	2,438,254,177.62	-69,559,325.89	-73,032,392.20
Hefei Meiling Electronic Appliance Marketing Co., Ltd.	Subsidiary	Sales of white goods	55,000,000	177,607,306.59	-213,787,648.75	1,292,408,149.65	95,065,629.48	95,050,334.75
Hefei Meiling Group Holdings Limited	Subsidiary	Sales of white goods	80,000,000	846,963,391.93	-53,316,027.64	3,272,250,841.88	-125,482,336.11	-136,212,271.69
Changmei Technology Co., Ltd.	Subsidiary	E-business of agricultural products and fresh	50,000,000	21,504,575.03	13,218,093.00	17,810,174.84	-13,505,502.51	-13,495,001.36
Guangdong Changhong Ridian	Subsidiary	R&D, manufacturing and	83,000,000	317,391,106.28	120,644,345.85	475,756,667.69	15,039,984.08	11,526,478.55

Technology Co., Ltd.		sales of kitchen and toilet products, small home appliances and water purifier						
Meiling Candy Washing machine Co., Ltd.	Subsidiary	Research and development, and sales of Washing machine	150,000,000	186,922,762.75	72,912,949.70	277,854,553.21	-1,626,780.33	-2,087,050.30

(II) Notes of holding and shareholding companies

√ Applicable □ Not applicable

Company Name	The method of obtaining and handling subsidiaries during the report period	The influence to the whole production and performance
Meiling CANDY Washing Machine Co., Ltd.	Investment	Controlling subsidiary of the Company, and established jointly by the Company and Candy Group with registered capital of 150 million Yuan. By making full use of the production capacity, product development capabilities, sales channels, manufacturing scale and quality control and other advantages that the company and Candy Group have in washing machine so as to rapidly lay out the washing machine market, expand the product market shares of Meiling brand and Candy brand, and enhance the company's profitability and comprehensive competitiveness.
Zhongshan Hongyou Electric Co., Ltd.	Investment	The Company's holding subsidiary was jointly invested and established by the subsidiary Zhongshan Changhong and Zhuhai Samyou Environmental Technology Co., Ltd. (hereinafter referred to as "Samyou Environmental"), with registered capital of 40 million Yuan.
Guangzhou Changhong Trade Co., Ltd.	Investment	Wholly-owned subsidiary of the Company, established by Zhongshan Changhong –subsidiary of the Company, with one million Yuan contribution. The enterprise will enlarge the foreign sales for the Company in aspect of air conditioner products
Zhongshan Hongling Trade Co., Ltd.	Investment	Wholly-owned subsidiary of the Company, established by Changhong Ridian Company –subsidiary of the Company, with one million Yuan contribution. The enterprise will enlarge the sales of small household appliance aboard
Hebei Hongmao Household Appliance Technology Co., Ltd.	Investment	The Company's subsidiary was invested and established by the subsidiary Changhong Ridian Company, with registered capital of 5 million Yuan. The establishment of this company is conducive to the Company seizing the national "coal to gas" policy dividend and gas heating water heater market opportunities to build a gas heating water heater product line and further expand the Company's kitchen and bath industry.
Xi'an Meizhilai Electric Appliance Marketing Co., Ltd.	Clearing off	A little effect on the overall production and operation and performance of the company

Hefei Meiling White Appliance Marketing Co Ltd.	Clearing off	A little effect on the overall production and operation and performance of the company
Hohhot Xiangyou Electric Appliance Marketing Co., Ltd.	Clearing off	A little effect on the overall production and operation and performance of the company
Urumchi Meiling Electric Appliance Marketing Co., Ltd.	Clearing off	A little effect on the overall production and operation and performance of the company
Lanzhou Meizhilai Electric Appliance Marketing Co., Ltd.	Clearing off	A little effect on the overall production and operation and performance of the company
Mianyang Meiling Electric Appliance Marketing Co., Ltd.	Clearing off	A little effect on the overall production and operation and performance of the company

(III) Notes of holding and shareholding companies: Nil

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

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Future Development Prospects

(I) Competition pattern and development trend

1. Competitive landscape: oligopoly seeks hegemony, reshuffle continues

The current all walks of life have entered a period of mega competition: first is overspeed, the product development and new business models have very fast update speed; second is breaking bounds, different industries penetrate and compete among each other; third is ultrahigh, the demographic dividend and raw material dividends disappear, bulk raw material prices rise, and costs raise; fourth is super change, subversive changes may occur at any time.

The home appliance industry has shifted from large-scale growth to aggressive growth. The competition trend of household appliance oligopoly is more and more obvious; the shuffle among the giants is inevitable. The market competition pattern will be more intense; the shuffle will spread bi-directionally from the home appliance retail channel and home appliance manufacturing system, and show the new situation of oligopoly and tycoon competition. At the same time, influenced by the national supply side reform and industrial restructuring, the raw materials begin to sharply rise in price, the logistics industry would raise costs because of "governing ultra", and transport costs of home appliances significantly increase. At the same time, with the introduction of national inclusive policy, home appliance industry will bid farewell to low price competition and gradually return to the rational value competition.

2. Technical variables: artificial intelligence, market detonation

Internet of Things, artificial intelligence, and life technology are the several major directions for the future development of human society. In the home appliance industry, technological innovation has become the leading,

as the drive capability of technological innovation becomes more and more important in the home appliance industry competition, especially the guide of new technologies and new concepts in the first-line terminal market will be favored by more and more enterprises. In addition, as the popularity of intelligence has suffered homogeneous dilemma in the market and the development of the Internet has stepped into the depth, artificial intelligence has become a new engine to accelerate the landing of smart home appliances and will give differentiation advantages to different enterprises in the terminal market, thereby becoming an important engine to pull the middle and high-end market consumption, it is expected to usher in a centralized detonation.

3. Product iteration: competitive and new products break through the bottleneck

Influenced by low price competition in the market, the function of many white products is not substantially improved, but with the rise of middle and high-end consumer groups, especially the full release of quality, high-end and fashion technology needs, the home appliances industry will usher in a new round of consumer upgrades, the arrival of quality consumption era will promote the industry to transform and upgrade to high end and intelligence.

Under the background of industrial restructuring and upgrading and products entering into the upgrading, the home appliance market that takes competitive and new products as the principle thing tends to have more distinct and clearer competition, but the competitiveness of many home appliance products is facing a new round of bottleneck and homogenization challenge. So the competitiveness of home appliance products in the next stage has to face a major breakthrough, and carry through the system innovations in quality, function, appearance, technology and other aspects, not only pursuing the product pragmatism but also giving the product a sense of science and technology, which will be the direction for whole market product iterations.

4. Channel integration: online and offline, scene services

The Internet has entered the deep water area; the user growth rate has slowed down significantly. Pure online price war and other strategies have begun to fail, and it is more and more difficult to obtain incremental users. The integration of online and offline channels has become the development direction of household appliance enterprises, its core is that the household appliance enterprises must have the ability to service users. How to make full use of and integrate resources and advantages from different online and offline channels, complete the integration of enterprise marketing, product promotion and user needs, reinforce and strengthen its own ability to enhance customer service capabilities, and thus really jump out of the channel dispute and return to the rapid landing of products and the strong activation of user demands becomes the must choice for enterprises.

5. Internationalization: global mergers and acquisitions, capital driving

Internationalization is the need adapt to the times, the internationalization of white goods industry will be particularly prominent, especially the global capital mergers and acquisitions can not only quickly enhance the enterprises' brand influence and industry status in the global market, but also promote the growth in overseas markets by the domestic and overseas resources integration and market development. In addition, the global capital mergers and acquisitions has not only become a new driving force for the enterprises' growth, but also can

give attention and influence to enterprises in the new competitive track.

(II) Development strategy

1. Vision

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

2. Strategic thought

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

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

3. Strategic thinking and targets

By "two insists", "two adheres" and "two transformations" (i.e. insist on product doctrine and technology driven, insist on cultural development and institutional innovation; adhere to domestic and overseas markets, adhere to talent and brand strategy; transform from single to diversification, transform from B2C to O2O and C2B), the company has strived to create another Meiling in scale, production line and organization flow by 2020. Details include: the first is to create another Meiling in scale, i.e. to achieve the annual sales revenue of 20 billion Yuan, and double the net assets; the second is to create another Meiling in production line, i.e. to enlarge the market share of main products of refrigeration, freezer and air conditioner, the washing machine, kitchen and toilet products and small home appliances comes to new main products of the Company, driven the profit mode upgrading and transform by laying out new business of fresh E-business and bio-medical; and thirdly, create another Meiling in organization procedures.

(III) Business plan

1. Business objective

With macro economy entering the new normal, fierce competition from various brands in the household appliances industry and rising raw material prices, in 2018, under the leadership of the board of directors, the Company will strive to achieve an annual growth of more than 10% in operating income over the previous year, and an increase of more than 800% in net profit attributable to the parent company over the previous year. In 2017, the Company's operating income has reached 167.97 hundred million Yuan. In 2018, the Company will focus on improving profitability while ensuring a proper increase in revenue scale.

2. Operating principles

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

Product leading: The Company satisfied the needs of product upgrades, consumption upgrades, and high-end breakthroughs through the promotion of quality, taste, and brand. Meanwhile, the Company achieved the products' easy manufacturing and easy maintenance through the product platformization, serialization; parts standardization, generalization, and modularization, that is "five -ization and two easy". The Company continued to adhere to intelligent and variable frequency strategies, and firmly grasp the "fresh-keeping" leading technology. In 2018, the Company will continue to promote the development of smart products and variable frequency, M fresh life refrigerator and freezer, and large-capacity refrigerators, increase cost control, enhanced product appearance competitiveness, and achieve product serialization, make breakthroughs in the market and business models, and continue to increase the proportion of variable frequency, intelligence, and preservation, and the differentiated competition.

Marketing transformation: Digitalization is the core of the traditional marketing business transformation, reconstruct the three major systems by digitalization, namely, establishing a marketing management system with terminal retail as the core, establishing a value management system with retail price as the core, and establishing an operation management system with customer's business inventory as the core. At the same time, in the domestic market, on the one hand, achieve value transformation by adjusting the structure, raising the average price, and increasing the share, on the other hand, promote channel transformation by boosting and implementing O2O business and implementing O2O collaboration from product and value chain access, benefit sharing, and organizational guarantee.

In addition, in the overseas market, further increase the product development and planning of mid- and high-end refrigerators, promote the sales structure, improve the average sales price, and increase the profitability; transform from the single pursuit of scale to the pursuit of both scale and profit, and from the order driving to market driving; gradually increase the team and product investments in brand, and promote the construction of overseas own brands.

Efficiency promotion: Fully promote the intelligent manufacturing project, take the promotion of inventory turnover as the core goal, optimize the process, implement the process reengineering, form the solutions, and implement by means of technology, informatization, tools, etc., constantly optimize the operating system, and promote the overall operational efficiency. Meanwhile, the Company will further enhance the organizational efficiency through organization model innovation (product management body + business synergy), accountability culture development and process improvement, and enhance the operational efficiency through continuous management benchmarking promotion. In addition, the Company will also further streamline the existing business processes through the marketing business information platform construction, and get through to the marketing transactions, retail and customer inventory and internal inventory management so as to lay the foundation for the establishment of new business models and the promotion of follow-up supply chain management level of the

Company.

Team activation: Inspire the team's vitality through the innovative incentive mechanism design; promote the organizational atmosphere through the continuous corporate culture publicizing, training, propagation and guidance.

3. Market strategy

(1) Refrigerator (freezer)

Continue to adhere to the intelligence and frequency two core product strategy, speed up the development and upgrading of a new generation of intelligent product, implement the company's intelligent strategy, and enhance the proportion of inverter products. Vigorously invest in basic technology research and product upgrading, continue to carry out intelligence, frequency, forced air cooling, fresh-keeping and other technical researches, maintain technology-leading in the industry, promote the company's product structure to upgrade to high end and intelligence, and drive the company's industrial transformation and upgrading; At the same time, implement the "five -ization and two easy", "quality, taste and brand", "intelligent production", comprehensively improve the efficiency and quality, reduce the product costs and enhance the product competitiveness. In domestic and overseas market, realize the transformation of marketing around value, strengthen the domestic sales channel capacity building, strengthen the online and offline synergy, and increase the competitiveness.

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

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

(2) Air conditioning

Based on the company's intelligent development strategy, the company's air-conditioning business will seize class A frequency, energy saving, intelligence, health and other industrial bright spots, focus on the company's "Intelligent Home Eco-circle" plan, develop intelligent terminals, provide healthy and intelligent air solutions, gradually build the triune business development model of intelligent equipment + application scenarios + social sharing, based on the product, strengthen the transformation of basic research and application, take user experience as the core, promote the "quality, taste and brand", grasp the industry trends, create the quality products, and form the comprehensive competitiveness of the industry by quickly creating the central air-conditioning capacity. In addition, the air conditioning industry will seize the opportunities of coal to electricity and home appliances energy-saving leader policy, improve product layout, and promote enterprise transformation.

(3) Washing machine

On the one hand, focus on the industrial trend-oriented products and take the differentiated products as breakthroughs to comprehensively improve the product quality and increase the product competitiveness; steadily open up channels, take the cross-product line target assessment as a means and link, promote the synergy among various product line business teams, and achieve the channel synergy, terminal synergy, team synergy, promotion synergy, and promotion synergy.

On the other hand, the Company and Candy Group has co-founded a joint venture company to engage in the R&D and sales of washing machines and complete the product differentiation by making use of the respective R&D and business advantages of both parties; expand channels, serve customers, give full play to synergistic advantages, achieve rapid promotion of product image and sales volume, expand the Company's product market share, enhance the Company's core competitiveness and brand influence, and promote the Company's profitability and overall competitiveness. The Company is striving to be ranked in the top 8 of the washing machine's market rankings in the next three to five years, be ranked 5th in domestic brands, and become a mid- and high-end washing machine brand with the first-class quality.

(4) Kitchen and bath, small household appliances

Based on kitchen and bath, develop purified water business and build core business. Take the concept of "smart kitchen" as the main line, respectively focus on the core business to create competitive industries, achieve the linkage development of multi-product lines, and highlight the leading advantages of intelligent products. Adhere to the road of brand, products, and terminal image, build the smart kitchen, take the intelligent and wall-hung stove as the entry point, and achieve the rapid growth of kitchen and bath and small household appliances business.

(5) Bio-medical care

Under the guidance of the development strategy of "relevant diversification based on biomedical field", the Company continues to focus on life sciences, smart cold chain, and family health businesses. On the one hand, the

Company will base on the technology and brand advantages of the existing ultra-low equipment, take the market demand as the leader, and further strengthen the research on core technologies and the upgrading of core products. On the other hand, combined with the development trend of cold chain logistics industry and the current situation of the aging of the domestic population and the market demand for the integration of family prevention, treatment and recovery, the Company will give full play to its brand, technology, and channel advantages in the biomedical field, steadily and rapidly expand the business to cold chain warehousing and home health services, and actively promote the construction of intelligent terminal equipment so as to provide the society with more efficient and convenient public services.

(6) Intelligent life new business model

Fresh E-commerce: relying on cold-chain smart devices to carry out the fresh direct sales demonstration, and guide the city operators to join; cold chain intelligentization: relying on fresh direct sales demonstration to develop cold-chain smart devices and create business solutions, and achieve the multi-city expansion; E-commerce platform: relying on the intelligent expansion of cold chain to build a national urban life service platform.

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

(IV) Possible risks and countermeasures

In 2018, the competition in the home appliance market will become more intense, and the survival environment for enterprises will be even worse. In the future, the Company will face serious risks such as the severe industrial situation, the intensified competition, the labor shortage, and the rise of raw material prices, transportation costs and human resource costs, the new business models and the impact of internet age.

1. Impact of intensifying industry competition and declining broader market

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

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

With the arrival of Internet era and artificial intelligence era, the Internet enterprises continue to cross boarder and swarm into intelligent home fields, which intensifies competition in the industry, subversive changes may occur at any time, and traditional household appliance enterprises are facing serious challenges. At the same time, under the impact of Internet economy and new business model, the home appliance manufacturers are actively promoting the transformation, new business model and new products emerge one after another in the home appliance industry, the development of intelligent home appliances changes quickly, if unable to make rapid response or catch up with the development trend, it may be easily replaced or even completely subverted. New rules of the game bring strong sense of crisis and sense of urgency to the enterprises.

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

In 2017, influence by the supply-side reform and product structure adjustment, price of raw materials goes up dramatically; at the same time, the transportation costs greatly rise due to logistics industry's governance to "three excesses". It is expected that the raw material price and logistics transportation costs will continue to run at high prices in 2018, but the end product selling price will be unchanged or will be difficult to digest the impact of rising raw materials prices, logistics costs and other key resource costs, which will bring greater operating pressure to the company and further affect the company's profitability.

4. Human resources risk

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

Faced with the above risks, the Company will raise awareness of risk prevention, and make overall arrangements in the product, technology, and market in advance, focus on the smooth implementation of the Company's intelligent manufacturing, intelligent research and development, and smart life projects, capture the consumers' demands, accurately grasp the product development, strengthen the innovation and drive of the Company's intelligent, variable frequency, fresh-keeping and deep cooling technologies, accelerated the implementation of the Company's intelligent strategy, promote the Company's transformation and upgrading from front-end manufacturing and back-end products to intelligence, advance the Company's transformation and upgrading, meet

the new pattern of competition in the industry, and enhance the Company's core competitiveness. At present, the Company has completed the industrial layout for integrated white goods, and will further strengthen the synergy among each production line, and create a comprehensive household appliance enterprise with strong competitiveness. At the same time, the Company has focused on the "Smart Home Ecosystem" plan, actively explored the new paths for the transformation and upgrading of home appliance enterprises under the in-depth development of internet technology, taken its own hardware products as the terminal, focused on food, air, water and other needs to explore the new business model, seized the consumers' needs, and provided users with a complete set of solutions for smart white goods system, and ultimately achieved the leap from "Meiling manufacturing" to "Meiling intelligent manufacturing" and driven the transformation and upgrade of the Company's profit model.

On the other hand, the company will implement the business policy of "product leading, marketing transformation, efficiency upgrading and team activation " under the leadership of the board of directors and under the guidance of "Meiling Dream": take globalization as a platform, and intelligent and frequency transformation as a breakthrough, adhere to the intelligent and variable frequency product strategy unswervingly, promote technological innovation, strengthen the research and development to intelligence, frequency, fresh-keeping, forced air cooling, create intelligent, high-end products and personalized products, and enhance the company's product competitiveness from quality, high end and fashion technology. Speed up the integration between online and offline channels; under the help of digital marketing transformation, and intelligence manufacturing, improve the turnover of inventory rapidly; pay attention to the development of overseas market, actively exploit construction of the self-owned brand aboard, and speed up the pace of overseas mergers and acquisition; through the comprehensive boosting of intelligent manufacturing projects, the promotion of "five -ization and two easy", and the continuous industry benchmarking activities, the overall operational efficiency of the Company will be fully enhanced; the internal organizational changes and management mechanism innovation will be fully utilized to activate the team's independent innovation capabilities, provide institutional guarantees for the Company's sustainable and healthy development, and realize a sound and sustainable development of the Company.

X. Reception of research, communication and interview

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

√Applicable □Not applicable

Time	Way	Type	Basic situation index of investigation
2017-1-12	Field research	Institute	http://irm.cninfo.com.cn/ircs/ssgs/companyIrmForSzse.do?stockcode=000521
2017-1-18	Field research	Institute	http://irm.cninfo.com.cn/ircs/ssgs/companyIrmForSzse.do?stockcode=000521
2017-2-15	Field research	Institute	http://irm.cninfo.com.cn/ircs/ssgs/companyIrmForSzse.do?stockcode=000521

2017-2-24	Field research	Institute	http://irm.cninfo.com.cn/ircs/ssgs/companyIrmForSzse.do?stockcode=000521
2017-4-20	Field research	Institute	http://irm.cninfo.com.cn/ircs/ssgs/companyIrmForSzse.do?stockcode=000521
2017-5-11	Field research	Institute	http://irm.cninfo.com.cn/ircs/ssgs/companyIrmForSzse.do?stockcode=000521
2017-5-25	Field research	Institute	http://irm.cninfo.com.cn/ircs/ssgs/companyIrmForSzse.do?stockcode=000521
2017-6-14	Field research	Institute	http://irm.cninfo.com.cn/ircs/ssgs/companyIrmForSzse.do?stockcode=000521
2017-7-6	Field research	Institute	http://irm.cninfo.com.cn/ircs/ssgs/companyIrmForSzse.do?stockcode=000521
2017-11-28	Field research	Institute	http://irm.cninfo.com.cn/ircs/ssgs/companyIrmForSzse.do?stockcode=000521
2017-11-29	Field research	Institute	http://irm.cninfo.com.cn/ircs/ssgs/companyIrmForSzse.do?stockcode=000521
2017-12-14	Field research	Institute	http://irm.cninfo.com.cn/ircs/ssgs/companyIrmForSzse.do?stockcode=000521

Reception (times)	12
Number of hospitality	23
Number of individual reception	0
Number of other reception	N/A
Disclosed, released or let out major undisclosed information	No

Section V. Important Events

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

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

√ Applicable □ Not applicable

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

In the reporting period, the Company implemented Profit distribution plan for year of 2016, that is, distribute 0.6 Yuan (tax included) in cash for every 10 shares held by all shareholders of the Company based on total share capital 1,044,597,881 shares dated 31 December 2016 (including 881,733,881 shares of A-share and 162,864,000 shares of B-share), cash dividend of 62,675,872.86 Yuan was distributed in total.

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

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

1. Profit distribution plan for year of 2015

Distribute 0.6 Yuan (tax included) in cash for every 10 shares held by all shareholders of the Company based on total share capital 763,739,205 shares dated 31 December 2015, cash dividend of 45,824,352.27 Yuan was distributed in total.

2. Profit distribution plan for year of 2016

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

3. Profit distribution plan for year of 2017

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

The pre-plan had been deliberated and approved by the board of directors, and it need to be submitted the annual shareholders' general meeting of 2017 for its consideration.

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

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to common stock shareholders of listed company in consolidation statement for bonus year	Ratio in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Amount for cash bonus by other ways	Proportion for cash bonus by other ways
2017	62,675,872.86	32,473,204.92	193.01%	-	-
2016	62,675,872.86	220,216,680.96	28.46%	-	-
2015	45,824,352.27	27,104,893.56	169.06%	-	-

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

Applicable Not applicable

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

Applicable Not applicable

Bonus shares for every 10-share (Share)	0
Dividends for every 10-share (RMB) (Tax included)	0.6
Shares added for every 10-share base	0

(Share)	
Equity base of distribution plan (Share)	1,044,597,881
Total cash dividend (RMB) (Tax included)	62,675,872.86
Distributable profits (RMB)	893,442,648.28
Ratio of cash dividend in total profit distribution	100%
Cash dividend:	
Distribute 0.6 Yuan (tax included) in cash for every 10 shares held by all shareholders of the Company based on total share capital 1,044,597,881 shares dated 31 December 2017, cash dividend of 62,675,872.86 Yuan was distributed in total.	
Detail explanation on profit distribution or capitalization from capital public reserve	
<p>After auditing by Shinewing Certified Public Accountants (LLP), in the year of 2017, net profit of the parent company in individual statement amounted as RMB -220,729.76 Yuan. According to relevant regulations, retained profit for the year ended counted as RMB 956,339,194.01 Yuan, after deducted the RMB 62,675,815.97 Yuan distributed for year of 2016, and minor change of the net profit for the year RMB 220,729.76 Yuan, the retained profit in individual statement of the parent company counted as RMB 893,442,648.28 Yuan accumulatively. In 2017, the net profit attributable to owners of parent company in consolidate statement amounted as RMB 32,473,204.92 Yuan. In line with relevant regulations, the profit achieved for the year of 2017 which is available for distribution amounted as RMB 32,473,204.92 Yuan, deducted the RMB 62,675,815.97 Yuan distributed for year of 2016 and plus retained profit RMB 968,097,382.98 Yuan at beginning of the year, the retained profit ended as 2017 in consolidate statement amounted as RMB 937,894,771.93 Yuan accumulatively.</p> <p>According to the relevant laws and regulations and the provisions of "Articles of Association" and considering the interests of the shareholders and the company's long-term development needs, the board of directors approved the company to distribute the cash bonus of 0.6 Yuan per 10 stocks (including tax) to all shareholders on the basis of the general capital of 1,044,597,881 stocks of December 31, 2017, totally the cash bonus 62,675,872.86 Yuan has been distributed (Including tax). After the distribution, the total share capital of the company keeps the same, accumulates the remaining undistributed profits of 830,766,775.42 Yuan which is to be distributed annually after carry-over.</p> <p>This plan has been considered and passed by the board of directors, and needs to be submitted to 2017 annual general meeting of the company for deliberation.</p>	

III. Implementation of commitment

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

Applicable Not applicable

Commitment	Acceptor	Content		Date	Term	Implementation
Commitments made in acquisition report or equity change report	Sichuan Changhong Electric Co., Ltd. (hereinafter referred to as the "Sichuan Changhong")	About committed and promised in order to prevent horizontal competition in the Acquisition Report of Hefei Meiling Co., Ltd.	1. The acquirer shall not engage in refrigerator business or activity which competes or will compete with business of Meiling Electrical Appliances Co., Ltd. (hereinafter referred to as the "Meiling Electrical Appliances"), or that which has interest conflict with Meiling Electrical Appliances.	2007-6-12	Valid for long term	Strictly implemented
			2. The acquirer promises to apply shareholders' right on a legal and reasonable manner and shall not take any action to limit or affect the normal operation of Meiling Electrical Appliances.		Valid for long term	Strictly implemented
			3. For any opportunity to engage in competing business, the acquirer will advise Meiling Electrical Appliances in written for engaging such business or not. If Meiling Electrical Appliances gives no clear written reply as to whether engaging the competing business or not within 20 days after receipt of the aforesaid letter, it shall be deemed that it will not engage in such business. The acquirer will only engage in non-competing business provided that Meiling Electrical Appliances confirms not to or is deemed to not engage in such non-competing business.		Valid for long term	Strictly implemented
Commitment made during the non-public offer of 2010	Sichuan Changhong	Commitment regarding to reducing and preventing competition with Meiling Electrical Appliances	1. It will not engage in such business or activity that competes with or has interest conflict with that of Meiling Electrical Appliances except for the action taken for sake of Meiling Electrical Appliances as required by Meiling Electrical Appliances.	2010-6-24	Valid for long term	Strictly implemented
			2. The Company promises to apply shareholders' right on a legal and reasonable manner and shall not take any action to			

			<p>limit or affect the normal operation of Meiling Electrical Appliances.</p> <p>3. In case that Meiling Electrical Appliances expects, on the basis of its existing business, to expand its operation scope into the business which the Company has already operated, the Company agrees to grant pre emptive right to Meiling Electrical Appliances regarding such business if the same conditions are met, provided that the Company is still the controlling shareholder or actual controller of Meiling Electrical Appliances.</p>			
		<p>Commitment regarding to reducing and standardizing related transaction with Meiling Electrical Appliances</p>	<p>1. Measures will be adopted to prevent continued related transaction with Meiling Electrical Appliances: as to the related transaction that can not be prevented, it will sign related transaction agreement with Meiling Electrical Appliances under the market principles of “equally paid and mutual benefit”, and fairly determined the transaction price according to the market prevailing standards.</p> <p>2. Perform the necessary obligations to make related directors and related shareholder abstain from voting according to relevant regulation, and observe legal procedure for approving related transaction and information disclosure obligations.</p> <p>3. Promise not to hurt legal interests of Meiling Electrical Appliances and other shareholders through related transaction.</p>	2010-6-24	Valid for long term	Strictly implemented

		Commit to authorized Changhong Air Conditioning and Zhongshan Air Conditioning Co., Ltd. (hereinafter referred to as the “Zhongshan Air Conditioning”) to use “Changhong” trademark and relevant patents for free.	2010-11-6	Valid for long term	Strictly implemented
	The Company	1. Commit to disclose periodic reports on a truthful, accurate, complete, fair and prompt manner, to disclose all the information that have important influences over investors, to accept supervision under the CSRC and Shenzhen Stock Exchange.	2011-1-7	Valid for long term	Strictly implemented
		2. Commit to make public clarification in respect of such information that is released from any public media and may result in misleading influences on stock price once the Company is aware of such information.			
		3. The directors, supervisors, senior management and core technicians of the Company will accept opinions and criticism from the social publics, and they will not trade the Company’s securities, directly or indirectly, with any inside information and other illegal methods. The Company promises that the documents submitted to Shenzhen Stock Exchange exist no false statement or material omission, and no relevant information will be disclosed during the application for listing without prior content from Shenzhen Stock Exchange.			
Commitment made in transfer of air conditioning assets property	Sichuan Changhong	1. Since the property transfer didn’t involve the buildings and land currently used by Changhong Air Conditioning, Sichuan Changhong commits, upon the completion of equity transfer, to continue to lease such assets to Changhong Air Conditioning at market price.	2009-12-10	Valid for long term	Strictly implemented
		2. After completion of this property transfer, Sichuan Changhong commits to manage to prevent new related transaction with Meiling Electrical Appliances. For those which can not be prevented, Sichuan Changhong commits to determine the transaction price based on market accepted methods, so as to ensure fairness of related transaction and protection of the interest of Meiling Electrical Appliances.			
		3. Sichuan Changhong commits that it will not engage in air conditioning and refrigerator business or activity which competes or will compete with business of		Valid for long term	Strictly implemented

		Meiling Electrical Appliances, or that which has interest conflict with Meiling Electrical Appliances.			
Commitments by Annual performance incentive fund, incentive objects while purchasing stock of the Company with performance incentive funds and owned fund	Some of the Directors, supervisors and senior executives of the Company as well as other incentive objects	1. Make promise not to reduce the shares of Meiling bought in every year during implementation of the performance incentive fund via any market ways in the later first year, which was allowed to be reduced by 50% according to the laws and regulations in the second year, and the remaining 50% was allowed to be reduced in the third year in accordance with the laws and regulations.	2013-8-15; 2014-7-3; 2015-7-21; 2017-6-20	Three years after current shares purchased	Implementing
		2. The directors, supervisors and senior management promised to manage in accordance with the relevant management approaches in accordance with the "Company Law", "Securities Law" and "The Company's shares held by the directors, supervisors and senior management of the listed company and its change management rules", as objects of annual performance incentive fund of Meiling, including but not limited to: during his tenure, the shares transferred each year shall not exceed 25% of the total number of shares held of the Company; shall not sell the shares of the Company within six months after bought it or purchase again six months after sold it; shall not transfer the shares held within six months after Dismission.	2013-8-15; 2014-7-3; 2015-7-21; 2017-6-20	From the date when annual incentive fund plan deliberated and approved by general meeting to 6 moths after director, supervisor and senior executives resigned	Implementing
Commitments of not to reducing the shares	Sichuan Changhong Electric Co., LTD and persons acting in concert Changhong (Hong Kong) Trading Company	1. Based on market conditions and as allowed by laws and rules, multiple measures were adopted adequately to increase shareholding of Meiling Appliances, so as to demonstrate its firm confidence on the PRC economy and Meiling Appliances with its actual actions, maintain sound development of capital market and promote recovery of healthy market;	2015-7-9	Valid for long term	Strictly implemented
		2. The Company continued to support operation and development of listed company. It is committed to bringing steady and real return to investors.			

	Limited				
	Sichuan Changhong	Shares are not transfer within thirty-six (36) months since end of the private placement		2016-3-6	14 October 2016 to 14 October 2019 Implementing
Commitment made during the non-public offer in 2016	Directors and senior executives of the Company	Commitment on compensation of immediate dilution of return arising from non-public issuance of shares	1. I hereby undertake not to deliver interests to other entities or individuals without consideration or at unfair conditions, nor to prejudice the Company's interests by other means.	2016-2-23	Till the completion of projects invested with the proceeds from this non-public issuance of shares Implementing
			2. I hereby undertake to restrain my role related consumption behaviors.		
			3. I hereby undertake not to conduct any investment and consumption which is not related to performance of duties with utilization of any company assets.		
			4. I hereby undertake that the remuneration system determined by the board of directors or the remuneration and examination committee be linked to implementation of the compensation of return measures.		
			5. In case that the Company adopts share based incentive plan in future, I hereby undertake that the exercise conditions of the incentive plan to be announced by the Company be linked to implementation of the compensation of return measures.		
			6. For the period from the date of this commitment to the date of completion of this non-public issuance of shares, if the CSRC makes other new regulatory requirements on compensation of return measures and the commitment thereof, and in case that the above commitments cannot		

		<p>satisfy these new requirements from the CSRC, I hereby undertake to issue supplementary commitment in compliance with the latest CSRC requirements.</p> <p>As one of the principals responsible for compensation of return measures, I, in case of break of the above commitments or refuse to perform the above commitments, agree to receive relevant punishment or to adopt relevant administration measures according to the systems, rules and regulations of the CSRC and Shenzhen Stock Exchange.</p>			
	The Company	<p>1. Promise to truly, accurately, completely, fairly and timely publish periodic reports, disclose all information that has significant impacts on the investors, and accept the supervision and management of China Securities Regulatory Commission and the Shenzhen Stock Exchange.</p> <p>2. Make commitments that the Company will publicly clarify in time after knowing any information on any public communications media that may cause misleading influence on the stock price</p> <p>3. The Company's directors, supervisors and senior executives will listen carefully to the opinions and criticisms of the public and never use any acquired inside information and other improper means to directly or indirectly engage in the trading activities of the Company's stock.</p>	2016-10-12	Valid for long term	Strictly implemented
	Six issuing object except Sichuan Changhong	Promise that the restricted period of 2016 non-public offering of A shares of Meiling subscribed this time is 12 months.	2016-9-9	2016-10-14 to 2017-10-14	Implementing
Perform the commitment promptly or not		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

If the commitments is not fulfilled on time, shall explain the specify reason and the next work plan	Non-applicable
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Note: for the commitments completed and exemption for implementing in above mentioned table, the Company will not disclose in next ordinary report

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

Applicable Not applicable

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

Applicable Not applicable

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

Disclosure date for specific approval opinion on fund occupation from CPA	2018-3-30
Disclosure index for specific approval opinion on fund occupation from CPA	Juchao website: www.cninfo.com.cn-- Specific Explanation on Non-operational fund occupation from controlling shareholders and its related party for year of 2017 of Hefei Meiling Co., Ltd.

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

Applicable Not applicable

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

Applicable Not applicable

Found more in 35. Change of significant account policies and accounting estimates in IV. Significant Accounting Policy and Accounting Estimation carried out in Section XI. Financial Report.

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

Applicable Not applicable

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

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

Applicable Not applicable

In the reporting period, the consolidated financial statements of the Company cover 53 subsidiaries, including Sichuan Changhong Air Conditioning Co., Ltd., Zhongshan Changhong Electric Co., Ltd. and Zhongke Meiling Cryogenic Technology Co., Ltd. Compared with the previous year, during the reporting period, five subsidiaries are newly included in the consolidated financial statements, thereinto, including the wholly-owned subsidiary “Zhongshan Hongling

Trading Co., Ltd.” and “Hebei Hongmao Household Appliance Technology Co., Ltd. ” invested by subsidiary Ridian Company; the “Guangzhou Changhong Trading Co., Ltd.” invested by subsidiary Zhongshan Changhong; the “Zhongshan Hongyou Appliance Co., Ltd.” jointly invested by subsidiary Zhongsan Changhong and Zhuhai Samyou Environment Tech. Co., Ltd.; the Meiling CANDY Washing Machine Co., Ltd. invested jointly by the Company Candy Group; ”the wholly-owned subsidiary “HongYuan Ground Energy Heat Pump Technology (Zhongshan) Co., Ltd.” invested by subsidiary HongYuan Ground Energy Heat Pump Technology Co., Ltd.

In addition, during the reporting period, six subsidiaries Xi'an Meizhilai Appliance Marketing Co., Ltd., Hefei Meiling White Appliance Marketing Co., Ltd., Hohhot Xiangyou Appliance Marketing Co., Ltd., Urumchi Meiling Appliance Marketing Co., Ltd., Lanzhou Meizhilai Appliance Marketing Co., Ltd. and Mian Yang Appliance Marketing Co., Ltd. were no longer included in the consolidated financial statements due to the liquidation.

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

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

(I) Accounting firm appointed

Name of domestic accounting firm	Shine Wing Certified Public Accountants (LLP)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	120
Continuous life of auditing service for domestic accounting firm	9-year
Name of domestic CPA	Li Xifu, Xia Cuiqiong
Name of foreign accounting firm (if applicable)	N/A
Remuneration for foreign accounting firm (10 thousand Yuan) (if applicable)	N/A
Continuous life of auditing service for foreign accounting firm (if applicable)	N/A
Name of foreign CPA (if applicable)	N/A

(II) Re-appointed accounting firms in this period

Yes No

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

Applicable Not applicable

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

As the sponsor and principal underwriter, Shen Wan HongYuan Securities Underwriting Sponsor Co., Ltd. plays a continues supervision role in the period

X. Particular about suspended and delisting after annual report disclosed

Applicable Not applicable

XI. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period

XII. Significant lawsuits and arbitrations of the Company

Applicable Not applicable

(I) No significant lawsuits or arbitrations occurred in the reporting period.

(II) Some other significant lawsuits and arbitrations in the reporting period.

To maintain the independence and integrity of "Meiling" trademark and trade name, the Company carried out serials of lawsuits, attribution and administration suits with "Meiling" trademark and corporate name concerned, please found more in 2014 first quarter report, 2014 semi-annual report, the 2014 annual report disclosed respectively on April 19, 2014, August 12, 2014, and March 26, 2014 for the relevant progress. Up till now, enterprises that have no relationship with our Company are inapplicable to "Meiling" trade name, for example, the company name of Hefei Meiling Small Home Appliance Co., Ltd. and Anhui Meiling Home Appliances Import & Export Co., Ltd. have been covered by the unified social credit code, and the company name of Hefei Meiling Environmental Protection Equipment Technology Co., Ltd., Hefei Meiling Purifying Equipment Technology Co., Ltd., Hefei Meiling Cabinet Electronics Co., Ltd., Hefei Meiling Vehicle Industry Co., Ltd., and Hefei Meiling Intelligent Technology Co., Ltd. (formerly Hefei Meiling Communication Technology Co., Ltd., this enterprise changed the trade name to "Hefei Meiling Intelligent Technology Co., Ltd." without authorization) have been changed and "Meiling" has been removed. However, Hefei Meiling Daily Electric Appliances Co., Ltd. illegally used the trade name of "Meiling", the Company is solving the issue by lawsuit according to law, and the above enterprises no longer have right to use the "Meiling" trademark.

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

XIII. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

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

Applicable Not applicable

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

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

Applicable Not applicable

Implementation for annual performance incentive fund

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

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

See details in "Implementation of the company's annual incentive fund" in "XV Implementation of the company's stock incentive plan, employee stock ownership plan, or other employee incentive measures" in "Section V Significant Events" of the company's "2016 Annual Report" disclosed on March 30, 2017.

Up to the end of this reporting period, the company's stock purchased by some 2012 annual performance incentive objects (non-directors, supervisors and senior management) and 2013 annual performance incentive objects (non-directors, supervisors and senior management) with their granted 2012 annual performance incentive funds and own funds and 2013 annual performance incentive funds and own funds have been fully desterilized, the company's stock purchased by some 2014 annual performance incentive objects (non-directors, supervisors and senior management) with their granted 2014 annual performance incentive funds and own funds has been desterilized by 50% for term of holding for two years, see below for the overall reducing holding-shares of some above-mentioned incentive objects; Among the incentive objects, the current directors, supervisors and senior management have not reduced the Company's shares purchased by implementing 2012, 2013, and 2014 annual performance incentive plans.

2. The implementation of provision and allocation program of 2016 annual performance incentive funds

According to the “Incentive Plan” approved by the company, the audited operating results and actual operation of the company in 2016 have met the requirements for awarding the annual performance incentive funds. The company held the 29th meeting of the 8th Board of Directors and the 15th meeting of the 8th Board of Supervisors and the Annual General Meeting of Shareholders of 2016 on March 28, 2017 and May 4, 2017, the independent directors made independent opinions, and the benefited directors abstained from voting, the meetings considered and approved the “Proposal on the Provision for the Company's 2016 Annual Performance Incentive Funds”. In addition, the company held the 32nd meeting of the 8th Board of Directors, the 17th meeting of the 8th Board of Supervisors, and the first extraordinary general meeting of shareholders in 2017 on June 2, 2017 and June 20, 2017, the independent directors made independent opinions, and the benefited directors abstained from voting, the meetings considered and approved the “Allocation Plan for the Company's 2016 Annual Performance Incentive Funds”, the details are as follows:

(1) Incentive range and number of people: 39 eligible objects (senior management, middle management, core technical staff and the core backbone staff).

(2) Source of funds: withdraw performance incentive funds of RMB 24,182,200 by 10% of the audited net profits attributable to shareholders of listed companies in 2016, and allocate RMB 23.63 million of the withdrawn incentive funds to 39 incentive objects (senior management, middle management, core technical staff and the core backbone staff) whom conform to national laws and regulations and the requirements of “Incentive Plan”. The incentive objects purchase the Company's stock by their received performance incentive funds (after paying the relevant tax) plus no less than 30% of their annual total remuneration (annual total remuneration except for the performance incentive funds and after paying the corresponding income tax and five social insurances and housing fund) through the open market.

(3) Shareholding situation: According to the provisions of “Incentive Plan” approved by the company, in the premise of conforming to the listing rules of the Shenzhen Stock Exchange and other applicable Chinese laws and regulation, the incentive objects promise to purchase the Company's stock through the open market within 60 working days (The time shall be postponed in case of a period that the regulator requires the Company's stock cannot be trade) after receiving the performance incentive funds. As of the disclosure date of this report, this incentive plan is still in progress.

(4) Changes in equity interests arising from disposal shares due to incentive objects: aim at shares purchased by incentive objects without disposal during the reporting period.

(5) Commitment on restricted holding shares: according to the regulations of “Incentive Plan” and the commitment of all incentive objects, the Company's shares purchased by them shall not be reduced by any market approach in the next year from the date of purchase, but the holding shares can be reduced by 50% after the second year according to the laws and regulations, and the remaining 50% can be reduced after the third year according to the laws and regulations. In addition, some directors, supervisors and senior executives among the incentive objects promise to handle the shares in accordance with the relevant management methods of the Company Law, the Securities Law, and the Company's Shares Held by the Directors, Supervisors and Senior Management of List Company and the Shares' Change Management Rules, including but not limited to: during the

term of office, the annual transfer of shares shall not exceed 25% of the Company's shares held by oneself; cannot sell the Company's share within 6 months after the purchase or repurchase within six months after the sale; cannot transfer the company's shares within six months after dimission.

See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-010, No. 2017-011, No. 2017-015, No. 2017-031, No. 2017-035, No. 2017-036, No. 2017-037, No. 2017-041, No. 2017-062, No. 2017-064, No. 2017-070, No. 2017-087, No. 2017-090, No. 2017-091, No. 2017-092, 2017 Semi Annual Report, Full text of the third quarter 2017 Report) on 30 March 2017, 5 May 2017, 3 June 2017, 21 June 21 2017, 10 August 2017, 18 August 2017, 19 August 2017, 26 August 2017, 18 October 2017, 8 November 2017, 10 November 2017, 14 November 2017 and 17 November 2017

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

Ended as 31 December 2017, shares hold by all incentive objects amounting to 12,379,807 shares, a 1.1851 % in total share capital of the Company, including 10,689,914 A-share, a 1.0233% in total share capital and 1,689,893 B-share, a 0.1618% in total share capital of the Company. Other grantees of the 2012, 2013 and 2014 incentive plan (not being directors, supervisors and senior management) have reduced holding of 4,134,008 in aggregate, accounting for about 0.3956% of the total share capital, since September 2014 to the end of the reporting period, including reduced holding of 571,431 in the reporting period.

XVI. Major related transaction

(I) Related transaction with routine operation concerned

Applicable Not applicable

(1) Related transaction with routine operation concerned

Serial	Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principle	Related transaction price (in 10 thousand Yuan)	Related transaction amount (in 10 thousand Yuan)	Proportion in similar transactions (%)	Trading limit approved (in 10 thousand Yuan)	Whether over the approved limited or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure
1	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Commodity purchased	Electric melting, resistors, integrated circuit accessory, color masterbatch	Market price	35,306.58	35,306.58	2.53%	39,800	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
2	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Commodity purchased	Sunstroke supplies	Market price	0.49	0.49	0.00%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
3	Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling	Commodity purchased	Compressor etc.	Market price	37,169.68	37,169.68	2.67%	60,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

		shareholder and ultimate controller												
4	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Plastic products etc.	Marketing price	69,088.66	69,088.66	4.96%	71,500	No	Spot exchange, Bank and commercial acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100
5	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Door shell, baseboard, Sheet metal parts	Marketing price	36,871.44	36,871.44	2.65%	39,600	No	Spot exchange, Bank and commercial acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100
6	Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control under the same controlling shareholder	Commodity purchased	Packing case, printed matter etc.	Marketing price	11,148.32	11,148.32	0.80%	11,900	No	Spot exchange, Bank and commercial acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100

		and ultimate controller												
7	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Printed board components etc.	Marketing price	5,904.39	5,904.39	0.42%	8,000	No	Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
8	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Power supply, battery	Marketing price	3.09	3.09	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
9	081 Electronic Group	Other enterprise control under the same controlling shareholder and ultimate	Commodity purchased	Transformer etc.	Marketing price	334.84	334.84	0.02%	6,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

		controller												
10	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Foam pieces etc.	Marketing price	1,460.11	1,460.11	0.10%	8,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
11	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Hand piece	Marketing price	253.85	253.85	0.02%	6,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
12	Sichuan Changhong Xinrui Technology Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate	Commodity purchased	Sheet metal parts, plastic parts etc.	Marketing price	4,902.37	4,902.37	0.35%	12,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

		controller												
13	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Electronic products	Marketing price	0.92	0.92	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
14	Sichuan Huafeng Corp. Group	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	electric device	Marketing price	1.40	1.4	0.00%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
15	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate	Commodity purchased	PCB, remote control, transformer, etc	Marketing price	4,112.64	4,112.64	0.30%	4,100	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

		controller												
16	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	bonsai	Marketing price	0.04	0.04	0.00%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100
17	Sichuan Ailian Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Internet module	Marketing price	677.33	677.33	0.05%	6,000	No	Spot exchange, Bank and commercial acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100
18	Sichuan Changhong Education Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate	Commodity purchased	Digital module components, etc.	Marketing price	5.03	5.03	0.00%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100

		controller												
19	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Accept the services	Regular bus fee	Marketing price	19.72	19.72	0.01%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
20	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Accept the services	Information system services, repair fees, shared service fees	Marketing price	1,983.75	1,983.75	1.11%	5,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
21	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Transportation, storage, loading and unloading	Marketing price	55,778.60	55,778.60	31.13%	58,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
22	Sichuan Service Exp. Appliance	Other enterprise control under the	Accept the services	after-sale maintenance, Installation	Marketing price	13,596.57	13,596.57	7.59%	20,000	No	Spot exchange, Bank	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13;	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,

	Service Chain Co., Ltd.	same controlling shareholder and ultimate controller		, etc.							acceptance		2017-12-23	2017-096,2017-100
23	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Software usage fee	Marketing price	133.53	133.53	0.07%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
24	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Security service charge	Marketing price	85.48	85.48	0.05%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
25	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same	Accept the services	maintenance fee ,Business activity fee	Marketing price	51.76	51.76	0.03%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

		controlling shareholder and ultimate controller												
26	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Business activity fee	Marketing price	34.94	34.94	0.02%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
27	CHANGHONG(HK) TRADING LIMITED	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Sales expense	Marketing price	23.75	23.75	0.01%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
28	Sichuan Changhong International Travel Service	Other enterprise control under the same controlling	Accept the services	Ticket fees	Marketing price	22.60	22.6	0.01%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

	Co., Ltd.	shareholder and ultimate controller												
29	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Management fee and maintenance fee	Marketing price	94.50	94.5	0.05%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
30	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Laboratory technical service fee	Marketing price	49.72	49.72	0.03%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
31	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder	Accept the services	Platform cost	Marketing price	397.37	397.37	0.22%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

		and ultimate controller												
32	Lejiayi Chain Management Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Advertising fee	Marketing price	2.26	2.26	0.00%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
33	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Communication fee	Marketing price	5.08	5.08	0.00%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
34	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate	Accept the services	Engineering maintenance fee	Marketing price	19.66	19.66	0.01%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

		controller												
35	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Plastic removal processing fee	Marketing price	0.18	0.18	0.00%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
36	Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept the services	Waste disposal fee	Marketing price	7.32	7.32	0.00%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
37	Shenzhen Yijia'en Technology Co. Ltd.	Other enterprise control under the same controlling shareholder and ultimate	Accept the services	software R & D cost	Marketing price	21.02	21.02	0.01%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

		controller												
38	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Purchase fuel and power	Water, electricity and gas	Marketing price	1,987.99	1,987.99	0.14%	8,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
39	Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase fuel and power	Compressed air	Marketing price	59.10	59.10	0.00%	65	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
40	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase fuel and power	Water, electricity and compressed air	Marketing price	130.57	130.57	0.01%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
41	Sichuan Jiahong	Other enterprise	Purchase fuel	Water and electricity	Marketing price	0.48	0.48	0.00%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5;	Juchao Website(www.cninfo.com.cn)

	Industrial Co., Ltd.	control under the same controlling shareholder and ultimate controller	and power	fee									2017-8-22; 2017-9-13; 2017-12-23	n)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
42	Hefei Changhong New Energy Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase fuel and power	Electricity fee	Marketing price	39.55	39.55	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
43	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase fuel and power	Water and electricity fee	Marketing price	3.76	3.76	0.00%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
44	Sichuan Changhong Electric	Controlling shareholder and	Sales of goods	Air conditioner, air purifier,	Marketing price	127,288.97	127,288.97	7.58%	141,000	No	Spot exchange, Bank	--	2017-3-30; 2017-5-5; 2017-8-22;	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2

	Co., Ltd.	ultimate controller		etc.							acceptance		2017-9-13; 2017-12-23	017-065,2017-066,2017-73, 2017-096,2017-100
45	Sichuan Changhong Electronic's Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Sales of goods	Food and air conditioning	Marketing price	102.53	102.53	0.01%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100
46	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Color board, door shell and other components	Marketing price	6,714.31	6,714.31	0.40%	7,000	No	Bank and commercial acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100
47	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Color Masterbatch, plastic particle	Marketing price	11,200.34	11,200.34	0.67%	17,000	No	Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100

48	Lejiayi Chain Management Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator , washing machine ,air conditioners , etc.	Marketing price	744.44	744.44	0.04%	8,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
49	PT.CHANGHONGELECTRICINDONESIA	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	refrigerators ,and air conditioning spare parts	Marketing price	2.62	2.62	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
50	CHANGHONG(HK)TRADINGLIMITED	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator , freezers, air conditioner	Marketing price	36,525.50	36,525.50	2.17%	45,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

51	CHANGHONG GELECTRIC(AUSTRALIA)	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator, freezer	Marketing price	1,946.83	1,946.83	0.12%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
52	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food and air conditioning	Marketing price	13.50	13.5	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
53	Sichuan Changhong Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	1.81	1.81	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

54	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator, air conditioner	Marketing price	285.09	285.09	0.02%	8,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100
55	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Maintenance parts	Marketing price	1,780.47	1,780.47	0.11%	8,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100
56	Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Waste materials	Marketing price	1,579.82	1,579.82	0.09%	8,000	No	Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100

57	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioners, refrigerators, etc	Marketing price	70.56	70.56	0.00%	8,000	No	Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
58	Sichuan Huafeng Corp. Group	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food and air conditioning	Marketing price	18.34	18.34	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
59	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator, freezers, air conditioner, washing machine	Marketing price	225,620.35	225,620.35	13.43%	250,000	No	Spot exchange, Bank and commercial acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

60	Sichuan Changhong Property Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	322.07	322.07	0.02%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
61	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food and air conditioning	Marketing price	20.30	20.3	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
62	Sichuan Changhong Intelligent Health Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	0.75	0.75	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

63	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food and air conditioning	Marketing price	5.17	5.17	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
64	Sichuan Huanyu Industrial Co. Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	12.10	12.1	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
65	Sichuan Changhong Xinrui Technology Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	2.97	2.97	0.00%	8,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

66	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	2.76	2.76	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
67	Mianyang Technology Town Big Data Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	0.37	0.37	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
68	BVCH Optronics (Sichuan) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	3.13	3.13	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

69	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food and air conditioning	Marketing price	26.32	26.32	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
70	Sichuan Changhong Group Finance Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	4.05	4.05	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
71	Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	5.80	5.8	0.00%	8,000	No	Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

72	Sichuan Changhong Power Source Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food and air conditioning	Marketing price	36.02	36.02	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
73	Sichuan Changhong Education Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food and air conditioning	Marketing price	330.36	330.36	0.02%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
74	081 Electronic Group	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air-conditioner	Marketing price	12.78	12.78	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

75	GuangYuan Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioners , refrigerators , etc	Marketing price	122.00	122	0.01%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
76	Sichuan Ailian Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food and air conditioning	Marketing price	33.97	33.97	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
77	Sichuan Changhong Innovation Investment Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	0.06	0.06	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

78	GuangYu an Hongchen g Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketi ng price	0.10	0.1	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.c n)No.:2017-013,2017-031,2 017-065,2017-066,2017-73, 2017-096,2017-100
79	Sichuan Changhon g Energy Sunshine Technolog y Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food and air conditioning	Marketi ng price	1.45	1.45	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.c n)No.:2017-013,2017-031,2 017-065,2017-066,2017-73, 2017-096,2017-100
80	Sichuan Changhon g Electronic Technolog y Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketi ng price	1.18	1.18	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.c n)No.:2017-013,2017-031,2 017-065,2017-066,2017-73, 2017-096,2017-100

81	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	2.35	2.35	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
82	Sichuan Hongcheng Real Estate Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food and air conditioning	Marketing price	13.34	13.34	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
83	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food and air conditioning	Marketing price	11.50	11.5	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

84	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food and air conditioning	Marketing price	147.86	147.86	0.01%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
85	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioning	Marketing price	24.24	24.24	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
86	Sichuan Changhong Electronic System Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	3.23	3.23	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

87	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	12.09	12.09	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
88	Orion.PDP.Co.,ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator	Marketing price	1,785.99	1,785.99	0.11%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
89	Changhong International Holdings (Hong Kong) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Food	Marketing price	0.24	0.24	0.00%	15,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

90	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing fuel and power	Water and electricity fee	Marketing price	102.61	102.61	0.01%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
91	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Providing fuel and power	Water and electricity fee	Marketing price	10.37	10.37	0.00%	8,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
92	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing fuel and power	Water and electricity fee	Marketing price	11.24	11.24	0.00%	8,000	No	Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

93	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing fuel and power	Water and electricity fee	Market price	694.10	694.1	0.04%	8,000	No	Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
94	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing fuel and power	Water and electricity fee	Market price	0.85	0.85	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
95	Sichuan Changhong Devices Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing fuel and power	Water and electricity fee	Market price	83.27	83.27	0.00%	8,000	No	Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

96	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Workshop, warehouse, forklift, etc	Marketing price	64.15	64.15	0.27%	5,000	No	Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
97	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	warehouse, workshop	Marketing price	272.74	272.74	1.17%	5,000	No	Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
98	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Part of office building rent, workshop, etc.	Marketing price	108.54	108.54	0.47%	5,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

99	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Apartment, office	Marketing price	24.25	24.25	0.10%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
100	Sichuan Changhong Xinrui Technology Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	warehouse, forklift	Marketing price	1.69	1.69	0.01%	8,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
101	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Apartment	Marketing price	32.15	32.15	0.14%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

102	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Rent to the related party	Apartment	Marketing price	6.97	6.97	0.03%	5,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
103	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Forklift, warehouse, apartment	Marketing price	11.54	11.54	0.05%	5,000	No	Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
104	Sichuan Ailian Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Warehouse	Marketing price	0.01	0.01	0.00%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
105	BVCH Optronics (Sichuan) Co., Ltd.	Other enterprise control under the same	Rent to the related party	Cargo elevator	Marketing price	5.25	5.25	0.02%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

		controlling shareholder and ultimate controller												
106	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Office building	Marketing price	196.86	196.86	0.84%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100
107	Shenzhen Yijia'en Technology Co. Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Two living area	Marketing price	2.54	2.54	0.01%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100
108	Sichuan Changhong Devices Technology Co., Ltd.	Other enterprise control under the same controlling	Rent to the related party	workshop	Marketing price	95.74	95.74	0.41%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100

		shareholder and ultimate controller												
109	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Two living area	Marketing price	3.52	3.52	0.02%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
110	Changhong International Holdings (Hong Kong) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Office	Marketing price	10.59	10.59	0.05%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
111	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Rent from the related party	workshop, staff dormitories	Marketing price	16.53	16.53	0.07%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

112	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent from the related party	workshop, offices, etc	Marketing price	198.46	198.46	0.85%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
113	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Rent from the related party	workshop, offices, etc	Marketing price	1,374.69	1,374.69	5.89%	5,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
114	Chengdu Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent from the related party	workshop, offices, etc	Marketing price	35.26	35.26	0.15%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
115	Guangdong Changhong Electronic	Other enterprise control under the same	Rent from the related party	Employee dorm	Marketing price	43.08	43.08	0.18%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

	s Co., Ltd.	controlling shareholder and ultimate controller												
116	Beijing Changhong Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent from the related party	Office	Marketing price	36.47	36.47	0.16%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100
117	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Equipment etc	Marketing price	2,659.10	2,659.10	3.93%	6,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100
118	Sichuan Hongcheng Construction Engineering	Other enterprise control under the same controlling	Purchase of fixed assets	Building construction	Marketing price	426.18	426.18	0.63%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73, 2017-096,2017-100

	ng Co., Ltd.	shareholder and ultimate controller												
119	Sichuan Hongcheng Real Estate Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Building construction	Marketing price	50.94	50.94	0.08%	6,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
120	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Purchase of fixed assets	Information system, etc	Marketing price	15.47	15.47	0.02%	5,000	No	Spot exchange, Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
121	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed, intangible assets	Information systems, etc.	Marketing price	641.04	641.04	0.95%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

122	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Control cabinet	Marketing price	11.97	11.97	0.02%	5,000	No	Bank acceptance	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
123	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	wireless networking equipment	Marketing price	22.17	22.17	0.03%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
124	Sichuan Changhong Electronic System Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Security monitoring equipment	Marketing price	9.79	9.79	0.01%	5,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100

125	Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sale of fixed assets	waste assets	Marketing price	4.48	4.48	0.20%	8,000	No	Spot exchange	--	2017-3-30; 2017-5-5; 2017-8-22; 2017-9-13; 2017-12-23	Juchao Website(www.cninfo.com.cn)No.:2017-013,2017-031,2017-065,2017-066,2017-73,2017-096,2017-100
Total				--	--	705,915.08	--	--	--	--	--	--	--	--
Detail of sales return with major amount involved				Not applicable										
Report the actual implementation of the daily related transactions which were projected about their total amount by types during the reporting period (if applicable)				1. It is estimated that the related transaction amount resulted by purchasing goods (including door shell and plastic products etc.) and accepting fuel and power from Sichuan Changhong and its subsidiary by the Company for year of 2017 was RMB 1,749 million at most (tax-excluded), actually RMB 1,660,542,600 occurred in reporting period (tax-excluded).										
				2. It is estimated that the related transaction amount resulted by purchasing goods (including compressor purchased etc.) from Huayi Compressor and its subsidiary by the Company for year of 2017 was RMB 600 million at most (tax-excluded), actually RMB 371,696,800 occurred in reporting period (tax-excluded).										
				3. It is estimated that the related transaction amount resulted by purchasing or selling equipment, software, maintenance and spare parts and molds etc. from Sichuan Changhong and its subsidiary by the Company for year of 2017 was RMB 50 million at most (tax-excluded), actually RMB 7,004,400 occurred in reporting period (tax-excluded).										
				4. It is estimated that the related transaction amount resulted by purchasing goods from and providing fuel and power to Sichuan Changhong and its subsidiary by the Company for year of 2017 was RMB 4,830 million at most (tax-excluded), actually RMB 4,138,012,700 occurred in reporting period (tax-excluded).										
				5. It is estimated that the related transaction amount resulted by purchasing compressed air, accepting energy, power and service from Huayi Compressor and its subsidiary by the Company for year of 2017 was RMB 0.65 million at most (tax-excluded), actually RMB 591,000 occurred in reporting period (tax-excluded).										
				6. It is estimated that the related transaction amount resulted by leasing business from Sichuan Changhong and its subsidiary by the Company for year of 2017 was RMB 50 million at most (tax-excluded), actually RMB 23,243,400 occurred in reporting period (tax-excluded).										
				7. It is estimated that the related transaction amount from domestic finished goods logistic business outsourcing to Sichuan Changhong Minsheng Logistic Co., Ltd. by the										

	<p>Company for year of 2017 was RMB 580 million at most (tax-excluded), actually RMB 557,786,000 occurred in reporting period (tax-excluded).</p>
	<p>8. It is estimated that the related transaction amount from after sales service of domestic goods outsourcing to Sichuan Service Exp. Appliance Service Chain Co., Ltd. by the Company for year of 2017 was RMB 200 million at most (tax-excluded), actually RMB 135,965,700 occurred in reporting period.</p>
	<p>9. It is estimated that the related transaction amount resulted by accepting other service and labor service etc. or providing other service and labor service etc. to Sichuan Changhong and its subsidiary by the Company for year of 2017 was RMB 50 million at most (tax-excluded), actually RMB 27,021,400 occurred in reporting period (tax-excluded).</p>
	<p>10. It is estimated that the related transaction amount resulted by selling goods from Sichuan Changhong Electronics Group and its subsidiary by the Company for year of 2017 was RMB 80 million at most (tax-excluded), actually RMB 39,473,800 occurred in reporting period.</p>
	<p>11. It is estimated that the related transaction amount resulted by purchasing goods and receiving labor services, fuel power, leasing and purchasing equipment etc. from Sichuan Changhong Electronics Group and its subsidiary by the Company for year of 2017 was RMB 180 million at most (tax-excluded), actually RMB 97,813,000 occurred in reporting period.</p>
<p>Reasons for major differences between trading price and market reference price</p>	<p>Not applicable</p>

(2) Related transactions with Finance Company

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

Up to 31 December 2017, the Company and its subsidiaries has opened financial business as savings, note drawing and notes discounted with Changhong Finance Company. The Company and its subordinate company owns 2,762,513,703.88 Yuan savings in Changhong Finance Company, takes 26.44% of the deposit taking balance in Changhong Finance Company without 30% occupied, balance of notes drawing was 721,645,627.87 Yuan and balance of notes discounted as 699,356,853.98 Yuan. More details are:

In RMB

Name	Balance at year-begin	Increase in the year	Decrease in the year	Balance at year-end	Interest and commission charge received or paid
I. Savings in Changhong Group Finance Company	1,908,842,163.20	32,513,784,867.73	31,660,113,327.05	2,762,513,703.88	75,786,692.80
II. Borrowings from Changhong Group Finance Company					
1. Short-term loans	-	-	-	-	-
2. Long-term loans	-	-	-	-	-
III. Other financial business					
1. Notes drawing	544,374,441.19	1,962,529,562.09	1,785,258,375.41	721,645,627.87	611,255.32
2. Notes discounted	565,252,574.29	2,037,226,639.09	1,903,122,359.40	699,356,853.98	18,319,048.47

According to the regulations of "Information Disclosure Memorandum No. 2 - Transactions and Connected Transactions" of Shenzhen Stock Exchange, the Company provided " the Risk Continuous Assessment Report

About Sichuan Changhong Group Finance Co., Ltd." to state the deposits, loans, and other financial business that the company developed with Changhong Finance Company during the reporting period, and disclosed at www.cninfo.com.cn on March 30, 2018.

(II) Related transactions by assets acquisition and sold

Applicable Not applicable

The Company has no related transactions by assets acquisition and sold occurred in reporting period-end.

(III) Material related transaction of jointly foreign investment

Applicable Not applicable

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

(IV) Connect of related liability and debt

Applicable Not applicable

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

Yes No

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

1. Claim receivable from related party

Serial	Related party	Relationship	Causes	Whether has non-business capital occupying or not	Balance at period-begin (10 thousand Yuan)	Current newly added (10 thousand Yuan)	Current recovery (10 thousand Yuan)	Interest rate	Current interest (10 thousand Yuan)	Balance at period-end (10 thousand Yuan)
1	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Operational contact of related credit	No	161.58	127,295.94	127,276.06	-	-	181.46
2	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Operational contact of related credit	No	37.62	102.53	130.09	-	-	10.06
3	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	133.47	24.24	157.71	-	-	-
4	Anhui Xinhao Plasma Display Panel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	6.30	-	-	-	-	6.30
5	Yibing Hongxing Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	14.72	-	14.72	-	-	-
6	Sichuan Changhong Xinrui Technology	Other enterprise control under the same	Operational contact of	No	-	4.66	4.66	-	-	-

	Co., Ltd	controlling shareholder and ultimate controller	related credit							
7	Sichuan Huafeng Corp. Group	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	18.34	18.34	-	-	-
8	Sichuan Huanyu Industrial Co. Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	12.10	12.10	-	-	-
9	Sichuan Changhong Group Finance Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	4.05	3.12	-	-	0.93
10	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	96.52	12,167.18	12,246.86	-	-	16.84
11	Lejiayi Chain Management Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	744.44	657.73	-	-	86.71
12	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	102.71	102.71	-	-	-
13	Huayi Compressor	Other enterprise control	Operational	No	33.48	-	31.50	-	-	1.98

	Co., Ltd.	under the same controlling shareholder and ultimate controller	contact of related credit							
14	Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	0.44	5.80	6.24	-	-	-
15	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	6,789.70	6,590.72	-	-	198.98
16	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	20.30	20.30	-	-	-
17	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	27.15	17.87	8.63	-	-	36.39
18	PT.CHANGHONG ELECTRICINDON ESIA	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	2.70	2.62	2.76	-	-	2.56
19	CHANGHONG(HK)TRADINGLIMITED	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	6,054.16	36,525.50	33,375.54	-	-	9,204.12

20	CHANGHONGELE CTRIC(AUSTRALI A)	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	14.48	1,946.83	1,064.71	-	-	896.60
21	Sichuan Changhong Property Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	322.07	302.20	-	-	19.87
22	Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	0.00	1,584.29	1,584.29	-	-	-
23	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	20.00	1,804.72	1,759.37	-	-	65.35
24	Chengdu Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	43.45	-	-	-	-	43.45
25	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	17,404.72	225,620.35	213,768.07	-	-	29,257.00
26	Guangdong Changhong	Other enterprise control under the same	Operational contact of	No	-	299.47	298.41	-	-	1.06

	Electronics Co., Ltd.	controlling shareholder and ultimate controller	related credit							
27	Sichuan Changhong Power Source Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	36.02	32.98	-	-	3.04
28	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	404.00	404.00	-	-	-
29	Sichuan Changhong Devices Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	207.15	207.15	-	-	-
30	Sichuan Changhong Intelligent Health Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	0.75	0.75	-	-	-
31	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	25.47	27.32	-	-	-	52.79
32	Mianyang Technology Town Big Data Technology Co.,	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	0.37	0.37	-	-	-

	Ltd.									
33	BVCH Optronics (Sichuan) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	8.38	8.38	-	-	-
34	Shenzhen Yijia'en Technology Co. Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	2.54	2.37	-	-	0.18
35	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	23.63	22.13	-	-	1.50
36	Sichuan Changhong Education Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	330.36	330.36	-	-	-
37	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	1.25	5.17	5.65	-	-	0.77
38	081 Electronic Group	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	12.78	12.78	-	-	-
39	GuangYuan Changhong	Other enterprise control under the same	Operational contact of	No	-	122.00	122.00	-	-	-

	Electronic Technology Co., Ltd.	controlling shareholder and ultimate controller	related credit							
40	Sichuan Ailian Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	33.97	33.97	-	-	-
41	Sichuan Changhong Innovation Investment Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	0.06	0.06	-	-	-
42	GuangYuan Hongcheng Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	0.10	0.10	-	-	-
43	Sichuan Changhong Energy Sunshine Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	1.45	1.45	-	-	-
44	Sichuan Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	1.18	1.18	-	-	-
45	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	4.50	-	-	-	4.50

46	Sichuan Hongcheng Real Estate Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	14.74	-	-	-	14.74	
47	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	11.50	11.13	-	-	0.37	
48	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	147.86	130.54	-	-	17.32	
49	Sichuan Changhong Electronic System Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	3.23	3.23	-	-	-	
50	Orion.PDP.Co.,Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	1,785.99	777.69	-	-	1,008.30	
51	Changhong International Holdings (Hong Kong) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related credit	No	-	11.11	-	-	-	11.11	
Total						24,077.52	418,611.87	401,545.10	-	-	41,144.29
Influence on business performance and financial status of the Company from related liabilities											--

2. Debts payable to related party

Serial	Related party	Relationship	Causes	Balance at period-begin (10 thousand Yuan)	Current newly added (10 thousand Yuan)	Current recovery (10 thousand Yuan)	Inter est rate	Current interest (10 thousand Yuan)	Balance at period-end (10 thousand Yuan)
1	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder and ultimate controller	Operational contact of related debt	5,510.20	40,668.48	39,983.18	-	-	6,195.50
2	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Operational contact of related debt	-	233.88	233.37	-	-	0.51
3	CHANGHONG(HK)TRADINGLIMITED	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	188.20	58.46	0	-	-	246.66
4	CHANGHONGELECTRICMIDDLEEASTFZE	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	3.73	-	3.57	-	-	0.16
5	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	360.75	1,719.24	1,856.10	-	-	223.89
6	Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	5,580.63	37,228.78	32,244.38	-	-	10,565.03

7	Lejiayi Chain Management Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	55.98	2.26	50.03	-	-	8.22
8	081 Electronic Group Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	330.41	-	330.41	-	-	-
9	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	398.29	341.09	-	-	57.19
10	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	137.87	2,932.60	2,039.22	-	-	1,031.26
11	Mianyang Hongrun Electronic Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	164.66	-	164.66	-	-	-
12	Sichuan Hongwei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	164.75	49.72	48.63	-	-	165.84
13	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder	Operational contact of related debt	664.69	13,596.57	13,702.81	-	-	558.45

		and ultimate controller							
14	Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	1,163.25	11,148.32	8,847.67	-	-	3,463.89
15	Sichuan Changhong Power Source Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	16.92	-	16.92	-	-	-
16	Sichuan Changhong Devices Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	829.45	4,112.64	4,001.00	-	-	941.09
17	Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	29.36	85.51	-	-	-	114.88
18	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	2.45	34.94	33.10	-	-	4.28
19	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	5,132.86	36,883.58	31,403.92	-	-	10,612.53
20	Sichuan Changhong Precision Electronics	Other enterprise control under the same	Operational contact of related debt	223.20	5,904.39	2,337.52	-	-	3,790.08

	Tech. Co., Ltd.	controlling shareholder and ultimate controller							
21	Sichuan Changhong Minsheng Logistics Co., LTD	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	4,071.48	55,778.60	56,581.37	-	-	3,268.72
22	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	11,788.16	69,088.66	62,912.67	-	-	17,964.15
23	Sichuan Changhong Xinrui Technology Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	3,133.45	4,902.37	8,005.13	-	-	30.69
24	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	0.02	3.09	3.11	-	-	-
25	Beijing Changhong Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	36.47	36.47	-	-	-
26	Sichuan Changhong Electronic System Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	7.70	9.79	17.49	-	-	-
27	Sichuan Jiahong	Other enterprise control	Operational contact of	0.61	52.23	50.02	-	-	2.83

	Industrial Co., Ltd.	under the same controlling shareholder and ultimate controller	related debt						
28	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	774.56	718.10	-	-	56.47
29	Sichuan Huafeng Corp. Group	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	28.35	1.40	29.75	-	-	-
30	Sichuan Hongcheng Construction Engineering Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	426.18	426.18	-	-	-
31	Sichuan Changhong International Travel Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	1.50	22.60	24.10	-	-	-
32	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	0.00	99.61	99.20	-	-	0.41
33	Hefei Changhong New Energy Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	39.55	39.55	-	-	-

34	Sichuan Changhong Diandianbang Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	0.03	-	0.03	-	-	-
35	081 Electronic Group	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	353.50	-	-	-	353.50
36	Sichuan Ailian Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	677.33	495.67	-	-	181.66
37	Sichuan Changhong Education Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	21.13	-	-	-	21.13
38	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	27.25	27.22	-	-	0.02
39	Shenzhen Yijia'en Technology Co. Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	21.02	21.02	-	-	-
40	Chengdu Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder	Operational contact of related debt	-	35.26	35.26	-	-	-

		and ultimate controller							
41	Sichuan Hongcheng Real Estate Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	50.94	50.94	-	-	-
42	GuangYuan Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	3.71	-	-	-	3.71
43	Yibin Red Star Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	58.20	-	-	-	58.20
44	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	0.23	-	-	-	0.23
45	ChanghongEuropeElectrics.r.o	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	-	0.44	-	-	-	0.44
46	Sichuan Hongyu Metal Manufacturing Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Operational contact of related debt	47.54	120.38	78.53	-	-	89.39
Total				39,638.22	287,662.17	267,289.38	-	-	60,011.01

Influence on business performance and financial status of the Company from related debts	--
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For the above-mentioned statement, up to the Period-end, debts payable to related party from the Company and subordinate are amounting as 600,110,100 Yuan in total, the claim receivable from related party for the Company and subordinate amounting as 413,946,200 Yuan.

(V) Other related transactions

Applicable Not applicable

No other related transaction in Period.

XVII. Significant contract and implementations**(I) Entrust, contract and leasing****1. Entrust**

Applicable Not applicable

No entrust in Period.

2. Contract

Applicable Not applicable

No contract in Period.

3. Leasing

Applicable Not applicable

(1) Leasing

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

(2) Gains/losses to the Company from projects that reached over 10% in total profit of the Company in reporting period

Applicable Not applicable

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

(II) Major guarantee

Applicable Not applicable

1. Guarantee

During the reporting period, the guarantees that the company provides for its wholly-owned and holding subsidiaries are for the loans generated by supporting their production and operation, the guaranty type is assurance; the guarantees that the company and subsidiaries provide for the distributors are to provide joint liability guarantees for the high quality distributors conforming to certain conditions within the line of credit of designated banks, the E-bank acceptance bills opened under this line of credit are all used for the distributors to

pay the purchase payment for goods to the Company and subsidiaries, aiming to promote the company's channel business development, strengthen the good cooperative relationship between the company and the downstream distributors, and effectively stimulate the company and its subsidiaries' sales growth.

Up to 31 December 2017, the company has granted credit to the guarantees of some wholly-owned and holding subsidiaries, in addition to the wholly-owned subsidiary Changhong Air-conditioner, other subsidiaries have no actual guarantee; meanwhile, the company and its subsidiaries have granted credit to the guarantees of some high quality distributors, the amount of guarantees is within the line of credit. The external guarantees of the Company and subsidiaries are as follows:

In 10 thousand Yuan

Particulars about the external guarantee of the Company and subsidiaries (Barring the guarantee for subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Dealer of Hefei Meiling Co., Ltd.	Notice No.: 2015-038, No.: 2015-040 and No.: 2015-064 on 29 August 2015 and 23 December 2015; Notice No.: 2016-068, No.: 2016-072 and No.: 2016-077 on 26 November 2016 and 14 December 2016	20,000	2016-9-29	1244.81	Joint liability guaranty	1 year	No	No
Dealer of Sichuan Changhong Air-conditioner Co., Ltd.	Notice No.: 2015-038, No.: 2015-040 and No.: 2015-064 on 29 August 2015 and 23 December 2015; Notice No.: 2016-068, No.: 2016-072 and No.: 2016-077 on 26 November 2016 and 14 December 2016	20,000	2016-10-14	694.0381	Joint liability guaranty	1 year	No	No
Total approving external guarantee in report period (A1)				0	Total actual occurred external guarantee in report period (A2)		1,938.8481	

Total approved external guarantee at the end of report period (A3)		40,000		Total actual balance of external guarantee at the end of report period (A4)		126			
Guarantee between the Company and the subsidiaries									
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party	
Zhongshan Changhong Electric Co., LTD.	Notice No.: 2015-003, No.: 2015-007 and No.: 2015-015 on 26 March 2015 and 18 April 2015	55,000	2015-12-30	17,000	Joint liability guaranty	1 year	Yes	No	
	Notice No.: 2016-027, No.: 2016-031 and No.: 2016-046 on 25 March 2016 and 5 May 2016	56,500	2016-8-5	5,000	Joint liability guaranty	1 year	Yes	No	
			2016-10-28	5,000	Joint liability guaranty	1 year	No	No	
	Notice No.: 2017-010, No.: 2017-014 and No.: 2017-031 on 30 March 2017 and 5 May 2017	70,000	2017-1-22	5,500	Joint liability guaranty	1 year	No	No	
			2017-2-24	6,000	Joint liability guaranty	1 year	No	No	
			2017-3-1	20,000	Joint liability guaranty	1 year	No	No	
			2017-6-23	10,000	Joint liability guaranty	1 year	No	No	
			2017-7-24	5,000	Joint liability guaranty	1 year	No	No	
	Guangdong Changhong Ridian Technology Co., Ltd.	Notice No.: 2016-027, No.: 2016-031 and No.: 2016-046 on 25 March 2016 and 5 May 2016	8,500	2016-5-5	4,500	Joint liability guaranty	1 year	Yes	No
				2016-9-1	2,000	Joint liability guaranty	1 year	Yes	No
Notice No.:		10,500	2017-6-13	2,000	Joint liability	80 days	Yes	No	

	2017-010, No.: 2017-014 and No.: 2017-031 on 30 March 2017 and 5 May 2017					guaranty			
			2017-8-13	4,500		Joint liability guaranty	1 year	No	No
			2017-11-14	4,000		Joint liability guaranty	1 year	No	No
			2017-12-15	2,000		Joint liability guaranty	1 year	No	No
Zhongke Meiling Cryogenic Technology Co., Ltd.	Notice No.: 2017-010, No.: 2017-014 and No.: 2017-031 on 30 March 2017 and 5 May 2017	6,000	2017-2-16	2,000		Joint liability guaranty	1 year	No	No
			2017-6-23	1,000		Joint liability guaranty	1 year	No	No
Sichuan Changhong Air Conditioning Co., Ltd.	Notice No.: 2017-010, No.: 2017-014 and No.: 2017-031 on 30 March 2017 and 5 May 2017	30,000	-	-	-	-	-	-	-
Total amount of approving guarantee for subsidiaries in report period (B1)			116,500		Total amount of actual occurred guarantee for subsidiaries in report period (B2)		88,500		
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)			173,000		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		75,000		
Guarantee of the subsidiaries for the subsidiaries									
Name of the Company guaranteed	Related Announc ement disclosure date	Guarante e limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Comple te implem entation or not	Guarantee for related party	
-	-	-	-	-	-	-	-	-	-
Total amount of approving guarantee for subsidiaries in report period (C1)			0		Total amount of actual occurred guarantee for subsidiaries in report period (C2)		0		
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)			0		Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)		0		

Total amount of guarantee of the Company (total of three abovementioned guarantee)			
Total amount of approving guarantee in report period (A1+B1+C1)	116,500	Total amount of actual occurred guarantee in report period (A2+B2+C2)	90,438.8481
Total amount of approved guarantee at the end of report period (A3+B3+C3)	213,000	Total balance of actual guarantee at the end of report period (A4+B4+C4)	75,126
Ratio of actual guarantee (A4+B4+C4) in net assets of the Company		14.87%	
Including:			
Amount of guarantee for shareholders, actual controller and its related parties (D)		0	
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)		61,500	
Proportion of total amount of guarantee in net assets of the Company exceed 50% (F)		0	
Total amount of the aforesaid three guarantees (D+E+F)		61,500	
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)		N/A	
Explanations on external guarantee against regulated procedures (if applicable)		N/A	

The above guarantees are all wholly-owned and holding subsidiaries of the Company. Production and operation of these wholly-owned and holding subsidiaries was normal with no overdue unpaid loans and guarantee risk is controllable. During the reporting period, the highest level of security the Company provided amounted to 1,165 million Yuan by the approval, the actual amount of guarantee is 885 million Yuan. The highest level of security the Company and subsidiaries provided outside amounted to 400 million Yuan by the approval, the actual amount of guarantee is 19.388481 million Yuan. At the end of the reporting period, the practical guarantee balance amounted to 751.26 million Yuan, accounting for the Company's latest net assets ratio of 14.87%.

Explanation on guarantee with composite way: Not applicable

2. Guarantee outside against the regulation

Applicable Not applicable

No guarantee outside against the regulation in Period.

(III) Entrust others to cash asset management

1. Trust financing

√ Applicable □ Not applicable

In 10 thousand Yuan

Type	Capital resources	Amount for entrust	Balance un-expired	Overdue amount
Bank financing	Idle own funds	110,000	0	0
Bank financing	Idle raised funds	90,000	0	0
Trust products	Idle own funds	60,000	60,000	0
Total		260,000	60,000	0

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

In 10 thousand Yuan

Trustee institution name	Trustee type	Type	Amount	Source of funds	Start date	End date	Capital investment purpose	Criteria for fixing reward	Reference annual rate of return	Anticipated income (if applicable)	Actual gains/losses in period	Actual collected gains/losses in period	Amount of reserve for devaluation of withdrawal (if applicable)	Whether approved by legal procedure (Y/N)	Whether has entrust finance plan in the future	Summary of the items and related query index (if applicable)
Hefei Changjiang East Road Branch of ICBC	Bank	Non-guaranteed floating income product	10,000	Self-owned funds	2016-12-15	2017-4-6	Mainly invested in the following assets conform to relevant supervisory requirement: high liquidity assets of bond and bank savings; creditor's assets; equity assets, other assets or portfolio etc.	4.3% annual yield rate	4.30%	131.95	131.95	131.95	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2016-078)
Hefei Branch of BEA	Bank	Floating income	3,000	Self-owned funds	2016-12-30	2017-3-30	Under the premise that customers voluntarily undertake relevant market risks, the bank provides customers with the structured financial products which link together a certain funds with a designated or several kinds of foreign	3.65% annual yield rate	3.65%	27	27.38	27.38	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2016-083)

							currency exchange rates for investment, the linking indicator: Australian Dollar against the US Dollar.									
Hefei Branch of China Bohai Bank	Bank	Floating income	20,000	Self-own funds	2017-1-23	2017-4-24	The structured deposit product, the structural derivatives tied with the 3-month interbank lending rate in London (Libor)	3.90% annual yield rate	3.90%	194.47	194.47	194.47	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-002)
Zhongshan branch of BOC	Bank	Guaranteed income type	2,700	Self-own funds	2017-4-7	2017-6-7	Investment of money market instrument and fixed income tool, of which, money market instrument takes 30%-100%, fixed income tool takes 0-30%.	3.60% annual yield rate	3.60%	16.24	16.24	16.24	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-021)
Hefei branch of Industrial Bank	Bank	Non-guaranteed floating income product	30,000	Self-own funds	2017-5-26	2017-11-23	Money-market instruments and other inter-bank financing instruments; inter-bank and exchange-market bonds and debt financing instruments, other fixed-income short-term investment instruments; trust plans, regulated by regulatory agencies, broker asset management plans, insurance debt investment plans, special funds account and the beneficial	5.10% annual yield rate	5.10%	758.71	758.71	758.71	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-034)

							rights of the aforementioned assets in line with the regulations of regulatory agencies, other financial assets and other combinations of other various types of transactional financing products that are subject to the risk control provisions of the Industrial Bank.									
Zhongshan branch of BOC	Bank	Guarantee income type	2,000	Self-owned funds	2017-6-8	2017-7-18	Investment of money market instrument and fixed income tool, of which, money market instrument takes 30%-100%, fixed income tool takes 0-30%.	3.90% annual yield rate	3.90%	8.55	8.55	8.55	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-039)
Mianyang branch of China Everbright Bank	Bank	Principal/income guaranteed type	10,000	Self-owned funds	2017-7-7	2017-10-7	Structured deposit	4.15% annual yield rate	4.15%	103.75	104.17	104.17	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-045)
Hefei Branch of Huaxia Bank Co., Ltd.	Bank	Principal-guaranteed	20,000	Self-owned funds	2017-7-11	2017-8-10	Investment in cash and bond assets, of which, bonds are invested in high credit rating bond of AA (inclusive)	4.70% annual yield rate	4.70%	77.26	77.26	77.26	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.:

																2017-047)
Hefei Shengli Road Branch of China CITIC Bank	Bank	Non-guaranteed floating income product	20,000	Self-owned funds	2017-8-7	2017-9-11	Money market; fixed gain; non-standardized creditor's assets and other type	4.60% annual yield rate	4.60%	88.22	88.22	88.22	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-052)
Hefei Branch of Shanghai Pudong Development Bank	Bank	Non-guaranteed floating income product	15,000	Self-owned funds	2017-8-18	2017-9-17	The products invested in cash, government bonds, local government bonds, central bank bills, and policy financial bonds, the short-term financing bill, medium-term notes, subordinated debt, enterprise bonds, corporate bonds, non-publicly-available debt financing instruments, ABS, ABN, and ABS sub-category credit bonds with AA ratings or above (for credit debt mainly underwritten by Shanghai Pudong Development Bank with ratings above (including) A-), the buy-back, inter-bank borrowing, securities trader receipts, preferred stocks, inter-bank deposits, money funds, and non-standardized	4.60% annual yield rate	4.60%	56.71	58.60	58.60	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-063)

							debt assets, securities traders/funds/insurance oriented plans and trust plans that meet regulatory requirements such as credit assets.									
Sichuan Trust Co., Ltd.	Trust	Benefit rights of trust product	35,520	Self-own funds	2016-12-28	2017-12-5	Trust funds are used in accordance with the provisions of the trust documents	6.2% annual yield rate	6.60%	2,196.60	2,063.47	2,063.47	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2016-082)
ZHONGRON G INTERNATIONAL TRUST CO.,LTD.	Trust	Trust products	5,000	Self-own funds	2017-2-15	2017-8-3	The trust capital shall be gathered and used in accordance with the provisions of trust documents, and the trust capital shall be mainly invested through combination of creditor's rights, equity, income rights, and claims plus equity.	6.30% annual yield	6.30%	145.85	145.85	145.85	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-003)
Sichuan Trust Co., Ltd.	Trust	Benefit rights of trust product	20,000	Self-own funds	2017-3-30	2017-10-16	Use of trust funds collectively in accordance with the provision of trust documents	6.50% annual yield rate	6.80%	712.33	712.33	712.33	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-020)
ZHONGRON G	Trust	Custom	20,000	Self-own	2017-6-7	2017-9-7	The trust plan funds invested in bank deposits, money market	6.00% annual	6.00%	302.47	302.47	302.47	N/A	Yes	Not applicable	Juchao Website

INTERNATIONAL TRUST CO.,LTD.		made 92 trust unit		funds			funds, bond funds, exchanges and inter-bank market bonds, and fixed-income products (including but not limited to reverse repurchases, fixed-income bank financial products, and other fixed-income products approved by the consignor with a time limit within one year) , and other purposes as agreed in the Trust Contract.	yield rate							ble	(www.cninfo.com.cn) (No.: 2017-039)
ZHONGRONG INTERNATIONAL TRUST CO.,LTD.	Trust	Custom made 90 trust unit	10,000	Self-own funds	2017-7-27	2017-10-25	The trust plan funds invested in bank deposits, money market funds, bond funds, exchanges and inter-bank market bonds, and fixed-income products (including but not limited to reverse repurchases, fixed-income bank financial products, and other fixed-income products approved by the consignor with a time limit within one year) , and other purposes as agreed in the Trust Contract.	5.80% annual yield rate	5.80%	143.01	143.01	143.01	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-051)
Sichuan Trust Co., Ltd.	Trust	Fund trust plan	60,000	Self-own funds	2017-11-30	2018-11-30	The bank deposits, government bonds, financial bonds, central bank bills, enterprise bonds with	6.10% annual yield rate	6.10%	3,660	148.26	148.26	N/A	Yes	Not applicable	Juchao Website (www.cninf

		with use of purpose designated					AA+ rating, enterprise short-term financing bonds with short-term credit ratings of A-1 and above, bond reverse repurchases, bank financial products, money market funds, and other money market products; the asset management plans issued by securities companies; the asset management plans issued by special fund subsidiaries; the trust products issued by trust companies or transferring trust beneficiary right; the transferring usufruct of receivables; the insurance funds of trust industries, etc.									o.com.cn) (No.: 2017-095)
Anhui Branch of CBC	Bank	Floating income product	20,000	Idle raise funds	2016-12-20	2017-3-20	Invested in other investment tools as interbank deposit conform to relevant supervisory requirement	4.00% annual yield rate	4.00%	197.26	197.26	197.26	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2016-079)
Hefei Branch of Huaxia Bank Co., Ltd.	Bank	Principal strategy protecti	30,000	Idle raise funds	2016-12-21	2017-6-22	Investment in cash and bond assets, of which, bonds are invested in high credit rating bond of AA (inclusive)	4.15% annual yield rate	4.15%	624.21	624.21	624.21	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.:

		on type														2016-079)
Anhui Branch of Bank of Communication Co., Ltd.	Bank	Guarantee income type	20,000	Idle raise funds	2016-12-23	2017-3-24	Investment of money market instrument and fixed income tool, of which, money market instrument takes 30%-100%, fixed income tool takes 0-30%.	3.50% annual yield rate	3.50%	174.52	174.52	174.52	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2016-079)
Hefei Branch of Huaxia Bank Co., Ltd.	Bank	Principal strategy protection type	20,000	Idle raise funds	2016-12-28	2017-6-28	Investment in cash and bond assets, of which, bonds are invested in high credit rating bond of AA (inclusive)	4.15% annual yield rate	4.15%	416.14	416.14	416.14	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2016-080)
Hefei Branch of CMBC	Bank	Floating income type	10,000	Idle raise funds	2017-3-22	2017-9-22	Take the funds collected by the financial product sales as the nominal principal, and trade the capital cost of the nominal principal as investment income and financial derivatives transactions related to USD3M-LIBOR with the counterparty.	4.00% annual yield rate	4.00%	201.64	204.44	204.44	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-008)
Hefei Branch of BEA	Bank	Floating income type	10,000	Idle raise funds	2017-3-22	2017-9-25	Under the premise that customers voluntarily undertake relevant market risks, the bank provides customers with the structured financial products which link together a certain	4.30% annual yield rate	4.30%	220.30	223.36	223.36	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-008)

							funds with a designated or several kinds of foreign currency exchange rates for investment, the linking indicator: Australian Dollar against the US Dollar.									
Anhui Branch of Bank of Communication Co., Ltd.	Bank	Guarantee income type	20,000	Idle raise funds	2017-3-27	2017-6-27	Investment of money market instrument and fixed income tool, of which, money market instrument takes 30%-100%, fixed income tool takes 0-30%.	4.10% annual yield rate	4.10%	206.68	206.68	206.68	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-009)
Hefei Branch of Shanghai Pudong Development Bank	Bank	Guarantee income type	10,000	Idle raise funds	2017-6-24	2017-9-24	Mainly invest in inter-bank market central bank bills, government bonds and financial bonds, enterprise bonds, short-term financing, medium-term notes, inter-bank borrowing, inter-bank deposits, bonds or bills repurchases, etc., meanwhile, the banks increase the yield rate of this product through proactive management and by using relevant financial instruments with simple structure and low risks.	4.50% annual yield rate	4.50%	112.50	112.50	112.50	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-042)
Hefei Branch of BEA	Bank	Floating	10,000	Idle raise	2017-6-23	2017-12-27	Under the premise that customers voluntarily undertake	4.60% annual	4.60%	235.67	238.94	238.94	N/A	Yes	Not applicable	Juchao Website

		income type		funds			relevant market risks, the bank provides customers with the structured financial products which link together a certain funds with a designated or several kinds of foreign currency exchange rates for investment, the linking indicator: Australian Dollar against the US Dollar.	yield rate							ble	(www.cninfo.com.cn) (No.: 2017-042)
Hefei Branch of CMBC	Bank	Floating income type	10,000	Idle raise funds	2017-6-23	2017-12-25	Take the funds collected by the financial product sales as the nominal principal, and trade the capital cost of the nominal principal as investment income and financial derivatives transactions related to USD3M-LIBOR with the counterparty.	4.60% annual yield rate	4.60%	233.15	236.39	236.39	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-042)
Hefei branch of China Everbright Bank	Bank	Principal/income guaranteed type	10,000	Idle raise funds	2017-6-28	2017-9-28	Structural deposit	4.35% annual yield rate	4.35%	108.75	108.75	108.75	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-044)
Anhui Branch of Bank of Communicatio	Bank	Principal/income	25,000	Idle raise funds	2017-7-3	2017-8-3	Investment of money market instrument and fixed income tool, of which, money market	4.80% annual yield rate	4.80%	101.92	101.92	101.92	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn)

n Co., Ltd.		guaranteed type					instrument takes 30%-100%, fixed income tool takes 0-30%.										o.com.cn) (No.: 2017-044)
Anhui Branch of Bank of Communication Co., Ltd.	Bank	Principal/income guaranteed type	20,000	Idle raise funds	2017-8-8	2017-10-11	Investment of money market instrument and fixed income tool, of which, money market instrument takes 30%-100%, fixed income tool takes 0-30%.	4.40% annual yield rate	4.40%	154.30	154.30	154.30	N/A	Yes	Not applicable		Juchao Website (www.cninfo.com.cn) (No.: 2017-052)
Hefei Branch of BEA	Bank	Floating income type	10,000	Idle raise funds	2017-8-4	2017-12-27	Under the premise that customers voluntarily undertake relevant market risks, the bank provides customers with the structured financial products which link together a certain funds with a designated or several kinds of foreign currency exchange rates for investment, the linking indicator: Australian Dollar against the US Dollar.	4.50% annual yield rate	4.50%	178.77	181.25	181.25	N/A	Yes	Not applicable		Juchao Website (www.cninfo.com.cn) (No.: 2017-052)
Hefei Branch of CMBC	Bank	Floating income type	15,000	Idle raise funds	2017-9-27	2017-12-25	Take the funds collected by the financial product sales as the nominal principal, and trade the capital cost of the nominal principal as investment income and financial derivatives	4.60% annual yield rate	4.60%	168.25	170.71	170.71	N/A	Yes	Not applicable		Juchao Website (www.cninfo.com.cn) (No.: 2017-076)

							transactions related to USD3M-LIBOR with the counterparty.									
Hefei Branch of BEA	Bank	Floating income type	15,000	Idle raise funds	2017-9-27	2017-12-27	Under the premise that customers voluntarily undertake relevant market risks, the bank provides customers with the structured financial products which link together a certain funds with a designated or several kinds of foreign currency exchange rates for investment, the linking indicator: Australian Dollar against the US Dollar.	4.50% annual yield rate	4.50%	168.29	170.63	170.63	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-076)
Hefei Branch of Shanghai Pudong Development Bank	Bank	Guarantee income type	10,000	Idle raise funds	2017-9-30	2017-12-29	Mainly invest in inter-bank market central bank bills, government bonds and financial bonds, enterprise bonds, short-term financing, medium-term notes, inter-bank borrowing, inter-bank deposits, bonds or bills repurchases, etc., meanwhile, the banks increase the yield rate of this product through proactive management and by using relevant financial instruments with simple structure and low risks.	4.40% annual yield rate	4.40%	108.49	108.78	108.78	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-076)

Hefei Economy Technology Development Zone Branch of Bank of China Co., Ltd.	Bank	Guarantee income type	20,000	Idle raise funds	2017-10-16	2017-12-29	Government bonds, central bank bills, and financial bonds; bank deposits, large negotiable certificate of deposit (NCD), bond repurchases, inter-bank borrowing; enterprise bonds with high credit ratings, corporate bonds (including the short-term corporate bonds of securities companies), and short-term financing bills, ultra-short-term financing bills, medium-term notes, asset-backed securities, and non-publicly-directed debt financing instruments; the investment scope includes asset management plans for securities traders, asset management plans for fund company, and trust plans of the above-mentioned financial assets; and other low-risk and highly-liquid financial assets with within the range permitted by the laws, regulations, and regulatory requirements.	4.30% annual yield rate	4.30%	174.36	174.36	174.36	N/A	Yes	Not applicable	Juchao Website (www.cninfo.com.cn) (No.: 2017-081)
Total			568,220	--	--	--	--	--	--	12,408.32	8,786.08	--	--	--	--	

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

Applicable Not applicable

2. Entrust loans

Applicable Not applicable

No entrust loans in the period.

(IV) Other material contracts

Applicable Not applicable

1. On 21 March 2017, the Company signed the Strategic Cooperation Framework Agreement (hereinafter referred to as Cooperation Agreement) with Italy Candy Hoover Group S.r.l. and Candy S.p.A.(together named as Candy Group). Both parties followed the principles of strategic win-win and giving full play to the synergistic effects of products and resources, and planned to establish strategic partnership in refrigerator (freezer), washing machine business areas by friendly negotiation, expand market together, promote brands, and maximize the commercial value and social value.

The resolution of the 29th meeting of the company's 8th Board of Directors approved and agreed the company to co-invest and establish Meiling Candy Washing Machine Co., Ltd. with Candy Group with registered capital of RMB150 million, of which the company invested RMB 90 million in cash, a 60% in registered capital; and Candy Group invested RMB 60 million in cash, a 40% takes in registered capital. See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-007 and No. 2017-010) on March 21, 2017 and March 30, 2017.

2. In order to vitalize the land assets of subsidiaries, maximize the efficiency of assets and increase the cash inflow of subsidiaries, the resolution of the 29th meeting of the 8th Session of Board of Directors of the Company passed and agreed the subsidiary Hefei Meiling Nonferrous Metal Products Co., Ltd. (hereinafter referred to as "Meiling Nonferrous Metal") to cooperate and sign the "Cooperation Contract for the Land Project of Meiling Nonferrous Metal Company in Feidong County" (hereinafter referred to as "Cooperation Contract") with Hefei Vanke Real Estate Co., Ltd. (hereinafter referred to as "Hefei Vanke Real Estate") for a land parcel (land area of 34.68 acres, land status is industrial land, land certificate No. is DGY2014 No.4119, hereinafter referred to as "objective land parcel") which is located at LiaoYuan Road East, Feidong County, Hefei City and possessed by Meiling Nonferrous Metal. In accordance with the relevant agreement of the "Cooperation Contract", both parties have established a project company Hefei Wanmei Real Estate Co., Ltd. (hereinafter referred to as "Wanmei Real Estate") in May 2017, and managed Wanmei Real Estate in accordance with the terms of the Cooperation Contract, and actively promoted the land upgrading and reconstruction of the objective land parcel. At the same time, in accordance with the relevant regulations on the transfer of state-owned assets, Meiling Nonferrous Metal transferred its 99% equity of Wanmei Real Estate through public listing on the

Southwest United Equity Exchange (hereinafter referred to as the “Southwest Exchange”), the bottom price of transfer was 48.65 million Yuan. According to the results of public listing and the verification by the Southwest United Equity Exchange, Hefei Vanke Real Estate was determined as the ultimate transferee. The resolution of the 4th meeting of the 9th Board of Directors of the Company passed and agreed Hefei Meiling Nonferrous Metal Products Co., Ltd. to transfer its 99% equity of Wanmei Real Estate to Hefei Vanke Real Estate Co., Ltd., and the price of equity transfer was 48.65 million Yuan.

See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-010, No. 2017-018, No. 2017-088 and No. 2017-089) on March 30, 2017 and November 10, 2017.

XVIII. Social responsibility

1. Performance of social responsibility: Not applicable

2. Fulfill the precise social responsibility for poverty alleviation

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

3. Particulars about Environmental Protection

Indicate by tick mark whether the Company or any of its subsidiaries is a heavily polluting business identified by the environmental protection authorities of China

Yes No

No such cases in the Reporting Period.

XIX. Explanation on other significant events

Applicable Not applicable

(I) On February 27, 2017, the company received a written notice from the controlling shareholder Sichuan Changhong Electric Co., Ltd. (hereinafter referred to as “Sichuan Changhong”), Sichuan Changhong is intended to take part of A share of the Company and the its fruits (including capital reserve into equity, stock dividend, bonus shares, dividends, etc.) as the subject for non-public offering of exchangeable bonds. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-004) on February 28, 2017.

(II) The resolution of the 29th meeting of the company’s 8th Board of Directors and the 2016 Annual General Meeting of Shareholders approved and agreed the subsidiaries to carry out the forward exchange fund transaction business from July 1, 2017 to June 30, 2018, the business transaction balance should not exceed USD 550 million, the single business delivery period should

be no longer than 1 year. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-010, No. 2017-017, No. 2017-031) on March 30, 2017 and May 5, 2017.

(III) The resolution of the 29th meeting of the company’s 8th Board of Directors approved and agreed the company to apply for bank note pool special credit line of maximum RMB 400 million to Hefei Branch of Huaxia Bank Co., Ltd., the credit time limit was one year, and the credit variety was mainly used in bank note pool special business by adopting endorsement for bill pledge. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-010, No. 2017-019) on March 30, 2017.

(IV) On March 28 and May 4, 2017, the resolution of the 29th meeting of the company’s 8th Board of Directors, the 15th meeting of the 8th Board of Supervisors and the 2016 Annual General Meeting of Shareholders approved the Company’s 2016 Annual Profit Allocation Plan, at the same time, the company’s independent directors made independent recognition opinions on the plan, considering the interests of shareholders and company’s long-term development needs, agreed the company to take the total capital of 1,044,597,881 shares up to December 31, 2016 as the base and distribute cash dividend of RMB 0.6 (including tax) per 10 shares to all shareholders, totally distribute cash dividend of RMB 62,675,872.86 (including tax, cash bonus accounts for 29.06% of the profits available for distribution that the parent company achieves in the current year). After the distribution, the total share capital of the company remained unchanged, the remaining accumulated undistributed profit of the parent company was RMB 893,663,321.15, and the remaining undistributed profit was carried forward to the afterwards year for distribution.

On May 27, 2017, the company disclosed the 2016 annual profit distribution plan implementation announcement, implemented the above-mentioned profit distribution plan. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-010, No. 2017-031, No.2017-033) on March 30, May 4, and May 27, 2017.

(V) During the reporting period, the company received the Notice of Acceptance of Registration (ZSXZ No. [2017]SCP212) issued by National Association of Financial Market Institutional Investors (hereinafter referred to as the “Investor Association”), the Investor Association accepted the company’s registration for super short-term financing bond. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2016-068, No. 2016-073, No. 2016-077, No. 2017-046) on November 26, 2016, December 14, 2016, and July 13, 2017.

(VI) On May 25, 2017, the company received the Letter About Increasing the Holding of Circulating Shares of Meiling from the controlling shareholder Sichuan Changhong Electric Co., Ltd. (hereinafter referred to as “Sichuan Changhong”), Sichuan Changhong and its persons acting in concert planned to increase the holding of the Company’s issued circulating shares through secondary market, the ratio of increased holding of shares didn’t exceed 1% of the Company’s general capital. On September 29, 2017, the Company received the Notification Letter

About the Completion of Increasing the Shareholding of Tradable Share of Meiling from Sichuan Changhong, whose persons acting in concert Changhong (Hong Kong) Trading Co., Ltd. had directly and indirectly increased the shareholding of the Company's circulating B share of 5,729,619 shares by competitive bidding transactions through the secondary market from April 19, 2017- September 14, 2017, accounting for 0.55% of the Company's general capital. As of December 31, 2017, Changhong (Hong Kong) Trading Co., Ltd. totally held the Company's B share of 30,895,442 shares, accounting for 2.96% of the Company's general capital. See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-032 and No. 2017-078) on May 26, 2017 and September 30, 2017.

(VII) being deliberated and approved by 34th session of 8th BOD and 2nd extraordinary meeting of shareholder general meeting of 2017, the Company agrees to supplemented the business scope, and revised relevant clauses in Article of Association. See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-052, No. 2017-060 and No. 2017-073) on August 10, 2017 and September 13, 2017.

(VIII) The resolutions of the 35th meeting of the 8th session of the Board of Directors of the Company and the 2nd extraordinary shareholders' general meeting in 2017 passed and agreed the Company to apply for a special credit line of bank notes pool of maximum RMB 400 million from Hefei Luyang Branch of China Construction Bank Co., Ltd., the credit period was one year, the credit grants were mainly used for the special business of bank notes pool, and used the endorsement for pledge. See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-063, No. 2017-068 and No. 2017-073) on March 30, 2017 and September 13, 2017.

(IX) On October 13, 2017, the Company received the "Notification Letter About the Plan for Shareholding Reduction of Hefei Meiling Co., Ltd." from the Company's shareholder Caitong Fund Management Co., Ltd. (hereinafter referred to as "Caitong Fund") who has a shareholding of more than 5% in the Company, Caitong Fund totally held 95,169,946 shares of the Company (accounting for 9.11% of the Company's general capital) through its asset management plan, it planned to reduce the shareholding in the Company of no more than 62,675,866 shares (not exceeding 6% of the Company's general capital) by centralized auction trading or block trade within six months from October 14, 2017. On January 15, 2018, the Company received the "Notification Letter About the Progress of Caitong Fund Management Co., Ltd. to the Plan for Shareholding Reduction of Hefei Meiling Co., Ltd." from Caitong Fund, who totally reduced its shareholding in the Company of 11,913,134 shares by centralized auction trading or block trade from November 6, 2017 to January 15, 2018, (accounting for 1.1405% of the Company's general capital. See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-080 and No. 2018-003) on October 14, 2017 and January 16, 2018.

(X) The resolution of the second meeting of the 9th session of the Board of Directors of the

Company passed and agreed the Company to transfer its 200 million trust beneficial rights corresponding to the trust units under the phase I of ” Sichuan Trust • Jinyi No. 3 Collective Fund Trust Plan ” to Chengdu Houkun Trade Co., Ltd. at the cost of RMB 207,123,287.67, the recovered funds shall be used for the Company to increase the capital in its wholly-owned subsidiary Sichuan Changhong Air Conditioning Co., Ltd. to implement its relocation and capacity expansion and upgrade projects. See details on “Securities Times” , “China Securities Journal” , “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-082) on October 18, 2017.

(XI)The resolutions of the 6th meeting of the 9th session of the Board of Directors of the Company and the 3rd meeting of the 9th session of the Board of Supervisors of the Company, and the first extraordinary general meeting of shareholders in 2018 passed and agreed the Company and its subsidiaries to use their own idle funds not exceeding RMB 1.2 billion (the limit can be rolled over) to invest in the high security, good liquidity, low risk, and steady bank financial products with investment product term of no more than one year, and the authorization period shall be valid within one year from the date of approval by the Company’ s general meeting of shareholders. See details on “Securities Times” , “China Securities Journal” , “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-096, No. 2017-097, No. 2017-99, No. 2017-101 and No. 2018-001) on December 23, 2017 and January 10, 2018.

(XII) The resolutions of the 6th meeting of the 9th session of the Board of Directors of the Company and the 3rd meeting of the 9th session of the Board of Supervisors of the Company, and the first extraordinary general meeting of shareholders in 2018 passed and agreed the Company to use its own idle funds not exceeding RMB 1.06 billion (the limit can be rolled over) to invest in the high security and good liquidity principal-protected financial products with single product term of no more than one year, and the authorization period shall be valid within one year from the date of approval by the Company’ s general meeting of shareholders. See details on “Securities Times” , “China Securities Journal” , “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-096, No. 2017-097, No. 2017-99, No. 2017-101 and No. 2018-001) on December 23, 2017 and January 10, 2018.

XX. Major event of the subsidiary

Applicable Not applicable

(I) The resolution of the 28th meeting of the company’s 8th Board of Directors approved and agreed the company’s subsidiary Jiangxi Meiling Electric Appliance Co., Ltd. (Hereinafter referred to as “Jiangxi Meiling”) to invest RMB206.60 million to build one million environmental and energy saving refrigerator intelligent production line project. At the same time, in order to ensure the smooth implementation of this investment and construction projects, agreed the company to increase capital of RMB 200 million to Jiangxi Meiling for the project investment. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-006) on March 14, 2017.

(II) The resolution of the 28th meeting of the company’s 8th Board of Directors approved and agreed the

company's subsidiary Zhongshan Changhong Electric Co., Ltd. (Hereinafter referred to as "Zhongshan Changhong") to jointly establish Zhongshan Hongyou Heating and Ventilation Equipment Co., Ltd. (Tentative name, and ultimately subject to the name approved by the industrial and commercial bureau) with Zhuhai Samyou Environmental Technology Co., Ltd. (Hereinafter referred to as "Samyou Environmental") that has superior resources of R & D, technology, channels and overseas customers in the industry, with registered capital of RMB 40 million, of which Zhongshan Changhong invested RMB 24 million of its owned funds, while Samyou Environmental invested RMB 16 million of its owned funds. See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-006) on March 14, 2017.

(III) The resolution of the 34th meeting of the 8th session of the Board of Directors of the Company passed and agreed Zhongshan Changhong and its partner UAE RUBA Company to jointly add investments in the Pakistan refrigerator project of the joint venture manufacturing company and joint venture sales company established in the previous period by capital increase which should be mainly used for the implementation of refrigerator door foaming and new product development projects. Among them, Zhongshan Changhong increased capital of 815,000 US dollars this time. See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-053 and No. 2017-059) on August 10, 2017.

(IV) Being deliberated and approved by 35th session of 8th BOD, agreed to invested approximately 24.367 million Yuan on technical improvement in aspect of production line, improving the production ability, technical standards and manufacturing efficiency of Zhongshan Changhong. See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-065) on August 22, 2017.

(V) The resolution of the 33rd meeting of the 8th session of the Board of Directors of the Company passed and agreed the Company's holding subsidiary, Guangdong Changhong Ridian Technology Co., Ltd. (hereinafter referred to as "Ridian Technology"), to invest 5 million Yuan in cash in Handan City, Hebei Province to establish a wholly-owned subsidiary, Hebei Hongmao Household Appliance Technology Co., Ltd. (subject to the name finally approved by the industrial and commercial bureau), to engage in the production, research and development, and sales of gas heating water heaters and other products. See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-050) on July 2, 2017.

(VI) Being deliberated and approved by 34th session of 8th BOD, agreed to transfer part of the shares of the subsidiary Zhongke Meiling Cryogenic Technology Co., Ltd. (hereinafter referred to as Zhongke Meiling) held by staffs with 1.63 Yuan/Share (652,000 Yuan in total), totally 0.4 million shares transferred. See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-053) on August 10, 2017.

(VII) The resolution of the 35th meeting of the 8th session of the Board of Directors of the Company passed and

agreed Zhongke Meiling to implement the targeted issuance of shares, and the issuing targets, i.e. the management of Zhongke Meiling, would subscribe in cash, meanwhile, the Company would give up the pre-emption right for this issuance of shares under the same conditions. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-065 and No. 2017-067) on August 22, 2017.

(VIII) The resolution of the 34th meeting of the 8th session of the Board of Directors of the Company passed and agreed the Company’s subsidiary, Sichuan Changhong Air Conditioner Company (hereinafter referred to as “Changhong Air Conditioner”), to invest 1,090,410,100 Yuan in the removal and capacity expansion and upgrade project at Mianyang economic development zone, and build a production base with annual output of 4.2 million sets of air conditioners. At the same time, it’s agreed the Company to increase capital of RMB 650 million to Changhong Air Conditioner for this removal and capacity expansion and upgrade project, and the remaining funds would be raised by Changhong Air Conditioner. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-053, No. 2017-061 and No. 2017-073) on August 22, 2017 and September 13, 2017.

(IX) Being deliberated and approved by 1st session of 9th BOD, agreed to invested approximately 37.0586 million Yuan for technical improve in order to improving the production ability and technical standards of Changhong AC. See details on “Securities Times”, “China Securities Journal”, “Hong Kong Commercial Daily” and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-074) on September 13, 2017.

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

(I) Changes in Share Capital

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	290,301,746	27.79%	0	0	0	-209,443,158	-209,443,158	80,858,588	7.74%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person's shares	70,793,625	6.78%	0	0	0	0	0	70,793,625	6.78%
3. Other domestic shares	218,508,272	20.92%	0	0	0	-209,710,729	-209,710,729	8,797,543	0.84%
Including: Domestic legal person's shares	215,820,073	20.66%	0	0	0	-211,103,996	-211,103,996	4,716,077	0.45%
Domestic natural person's shares	2,688,199	0.26%	0	0	0	1,393,267	1,393,267	4,081,466	0.39%
4. Foreign shares	999,849	0.09%	0	0	0	267,571	267,571	1,267,420	0.12%
Including: Foreign legal person's shares	0	0.00%	0	0	0	0	0	0	0.00%
Foreign natural person's shares	999,849	0.09%	0	0	0	267,571	267,571	1,267,420	0.12%
II. Unrestricted shares	754,296,135	72.21%	0	0	0	209,443,158	209,443,158	963,739,293	92.26%
1. RMB Ordinary shares	592,431,984	56.71%	0	0	0	209,710,729	209,710,729	802,142,713	76.79%
2. Domestically listed foreign shares	161,864,151	15.50%	0	0	0	-267,571	-267,571	161,596,580	15.47%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	1,044,597,881	100%	0	0	0	0	0	1,044,597,881	100.00%

(II) Reasons for share changed

Applicable Not applicable

1. In reporting period, former staff supervisor Mr. Shang Wen leave the office for 6 months, the 269,700 shares held by Mr. Shang are lease for sale.

2. In reporting period, the new director of the 8th BOD Mr. Teng Guangsheng holds 117,600 shares of the

Company, and the shares are lock for trading in relevant regulations since he serves director of the Company in reporting period.

3. According to the relevant provisions of the Company's 2016 annual performance incentive fund provision and distribution plan and in order to enhance the investors' confidence, some directors and senior executives of the Company purchased the Company's stock through the open market with their awarded 2016 annual performance incentive funds and their own funds. See details on "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn that the company disclosed in the form of announcement (Announcement No. 2017-062, No. 2017-064, No. 2017-070, No. 2017-087, No. 2017-090, No. 2017-091 and No. 2017-092) This time, the Company's five directors and senior executives totally increased the shareholdings of 1,361,834 shares in the Company (including 1,005,073 shares of A share and 356,761 shares of B share), which accounted for 0.1304% of the Company's total share capital. At the same time, according to the provisions of the Company Law, the Securities Law, and the Rules on the Management of Shares Held by Directors, Supervisors, and Senior Executives of Listed Companies and Their Changes, some of the shares held by the aforementioned personnel were locked.

4. In reporting period, new deputy president of the Company Mr. Huang Danian holds 356,450 shares of the Company, part of the shares will lock-up according to relevant regulations since Mr. Huang serves in the period.

5. In reporting period, former chairman of the supervisory committee Mr. Yu Wanchun, former senior executive Mr. Zhang Xiaolong and Mr. Liao Tao leave the office less than 6 months, according to relevant regulations, 263,300 shares held by Mr. Yu Wanchun, 484,700 shares held by Mr. Zhang Xiaolong and 704,966 shares held by Liao Tao will lock-up totally.

6. In reporting period, the RMB common 210,981,038 shares (A-stock) are release for 2016 privately placement.

(III) Approval of share changed

Applicable Not applicable

(IV) Ownership transfer of share changed

Applicable Not applicable

In reporting period, among the restricted shares, the 122,958 shares held by former Tangshan Dongkuang Hardware Wholesale Company are transfer to Zhang Yong.

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

Applicable Not applicable

(VI) Other information necessary to disclose for the Company or need to disclosed under requirement from security regulators

Applicable Not applicable

(VII) Changes of restricted shares

Applicable Not applicable

In Share

Shareholders	Opening shares restricted	Shares released in Period	Restricted Shares Increased In the Period	Ending shares restricted	Restricted reasons	Date for released
Shang Wen	202,275	269,700	67,425	0	Share lockup in senior executives	On February 28, 2017, the staff who no longer served as employee supervisor of the Company for personal reason. In reporting period, Mr. Shang leave the office for 6 months, shares of the Company held by Mr. Shang will lease for sale in total
Teng Guangsheng	0	0	88,200	88,200	Share lockup in senior executives	25% can be lifted the restrictions each year, at the same time, see details on “III Performance of commitments” of “Section V Important Matters” if the stock held by them has other restrictions.
Tangshan Dongkuang Hardware Wholesale Company	122,958	122,958	0	0	Transfer restricted shares to natural person Zhang Yong	2017-5-9
Zhang Yong	0	0	122,958	122,958	Transfer the restricted shares of Tangshan Dongkuang Hardware Wholesale Company, restricted for trading due to the legal commitment of shares reform	After relevant restriction procedures done

Li Wei	855,300	0	216,055	1,071,355	Share lockup in senior executives	25% can be lifted the restrictions each year, at the same time, see details on “III Performance of commitments” of “Section V Important Matters” if the stock held by them has other restrictions.
Wu Dinggang	310,725	0	117,150	427,875	Share lockup in senior executives	25% can be lifted the restrictions each year, at the same time, see details on “III Performance of commitments” of “Section V Important Matters” if the stock held by them has other restrictions.
Liu Hongwei	999,849	0	267,571	1,267,420	Share lockup in senior executives	25% can be lifted the restrictions each year, at the same time, see details on “III Performance of commitments” of “Section V Important Matters” if the stock held by them has other restrictions.
Zhongming	119,175	0	117,000	236,175	Share lockup in senior executives	25% can be lifted the restrictions each year, at the same time, see details on “III Performance of commitments” of “Section V Important Matters” if the stock held by them has other restrictions.
Li Xia	344,325	0	70,275	414,600	Share lockup in senior executives	25% can be lifted the restrictions each year, at the same time, see details on “III Performance of commitments” of “Section V Important Matters” if the stock held by them has other restrictions.
Huang Danian	0	0	267,337	267,337	Share lockup in senior executives	25% can be lifted the restrictions each year, at the same time, see details on “III Performance of commitments” of “Section V Important Matters” if the

						stock held by them has other restrictions.
Yu Wanchun	197,475	0	65,825	263,300	Share lockup in senior executives	On 12 Sept. 2017, Mr. Yu did not served as chairman of the supervisory committee for office term ends, shares will released after 6 months when he leaves; meanwhile, shares held by Mr. Yu have other restriction conditions, found more in III. Other implementation of commitments in Section V. Important Event
Liao Tao	411,649	0	293,317	704,966	Share lockup in senior executives	On 21 Nov. 2017, Mr. Liao leaves the deputy president of the Company for work changes, shares will released after 6 months when he leaves; meanwhile, shares held by Mr. Liao have other restriction conditions, found more in III. Other implementation of commitments in Section V. Important Event
Zhang Xiaolong	247,275	0	237,425	484,700	Share lockup in senior executives	On 24 Oct. 2017, Mr. Zhang leaves the deputy president and person in charge of financial of the Company for work changes, shares will released after 6 months when he leaves; meanwhile, shares held by Mr. Zhang have other restriction conditions, found more in III. Other implementation of commitments in

						Section V. Important Event
Ping An Bank – Ping An UOB Dingtai Flexible Mix Stock Investment Fund Ping An Bank Co., Ltd.-	12,522,361	12,522,361	0	0	Lock up for private placement	2017-10-16
Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd.	12,522,361	12,522,361	0	0	Lock up for private placement	2017-10-16
Collective fund trust scheme Golden Egle- SPD-U Trust-U Trust JinYue No.4 Collected Asset Trust Plan	23,613,595	23,613,595	0	0	Lock up for private placement	2017-10-16
National Social Security Funds-504	9,838,998	9,838,998	0	0	Lock up for private placement	2017-10-16
Harvest Fund- Ping An Bank- Huaxia Asset Management Co., Ltd.	9,838,998	9,838,998	0	0	Lock up for private placement	2017-10-16
Harvest Fund – ABC – ABC-CA Fund Management (Shanghai) Co., Ltd.	8,050,089	8,050,089	0	0	Lock up for private placement	2017-10-16
Harvest Fund – Industrial Bank – Shanghai Xinghan Asset Management Co., Ltd.	8,050,090	8,050,090	0	0	Lock up for private placement	2017-10-16
Ping An Annuity Insurance Company of China, Ltd. – Ping An Pension Ruifu private placement No.1 Assets Management Products	23,613,595	23,613,595	0	0	Lock up for private placement	2017-10-16
Rongtong Fund – Guangzhou Rural Commercial bank – Wanlian Securities Co., Ltd.	5,879,549	5,879,549	0	0	Lock up for private placement	2017-10-16

Rongtong Fund—Ningbo Bank —Universal Trust Co., Ltd.	293,977	293,977	0	0	Lock up for private placement	2017-10-16
Rongtong Fund—CBC—Rongtong Rongyi No. 1 private placement serial special (multiple) clients Asset Management Plan	940,729	940,729	0	0	Lock up for private placement	2017-10-16
Rongtong Fund—CBC—Rongtong Rongyi No. 2 private placement serial special (multiple) clients Asset Management Plan	235,181	235,181	0	0	Lock up for private placement	2017-10-16
Rongtong Fund—CBC—Rongtong Rongyi No. 3 private placement serial special (multiple) clients Asset Management Plan	411,569	411,569	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—China Foreign Economic Relations and Trade Trust —Foreign Trade Trust ·Hengsheng Private Placement Investment Collective fund trust scheme	3,577,817	3,577,817	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placementZengliNo.13 Asset Management Plan	536,673	536,673	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—China Construction Investment Trust —Yongquan No.25(Caitongprivate placement No.1)Collective fund trust scheme	536,673	536,673	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Yueda Jiquan private placement No.3 Asset Management Plan	322,003	322,003	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—FuchunYuantong private placement No.6 Asset Management Plan	536,673	536,673	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placementBoli No.8 Asset Management Plan	536,673	536,673	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placementBoli No.12	357,782	357,782	0	0	Lock up for private	2017-10-16

Asset Management Plan					placement	
Caitong Fund—ICBC—Caitongprivate placement No.16 Asset Management Plan	357,782	357,782	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placementBoli No.13 Asset Management Plan	5,366,726	5,366,726	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placement No.1033 Asset Management Plan	536,673	536,673	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placementBoli No.17 Asset Management Plan	2,862,254	2,862,254	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placementBoli No.18 Asset Management Plan	894,454	894,454	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placementBoli No.21 Asset Management Plan	4,472,272	4,472,272	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—private placement Everbright ZengyiNo.1 Asset Management Plan	1,431,127	1,431,127	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placement No.1028 Asset Management Plan	178,891	178,891	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placement No.1101 Asset Management Plan	1,788,909	1,788,909	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Hengzeng Xinxiang No.8 Asset Management Plan	393,560	393,560	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placement No.729 Asset Management Plan	447,227	447,227	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Shanghai Chamrich Equity Investment Fund Management Co., Ltd.	894,454	894,454	0	0	Lock up for private placement	2017-10-16

Caitong Fund—ICBC—Fuchun Huarong Safety Pad No.1 Asset Management Plan	322,004	322,004	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Caizhi private placement No.11 Asset Management Plan	805,009	805,009	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Hengzeng Xinxiang No. 9 Asset Management Plan	822,898	822,898	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placement No. 1089 Asset Management Plan	894,454	894,454	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Selected Fortune VIP Zunxiang private placement No. 3 Asset Management Plan	357,782	357,782	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placement No. 1016 Asset Management Plan	447,227	447,227	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Hengzeng Xinxiang No. 10 Asset Management Plan	536,673	536,673	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placement Xixiang No.2 Asset Management Plan	411,449	411,449	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Beta private placement No.6 Asset Management Plan	268,336	268,336	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placement No.1017 Asset Management Plan	983,900	983,900	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placement No.1008 Asset Management Plan	447,227	447,227	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Xinruiprivate placement No.3 Asset Management Plan	357,782	357,782	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placement No.1009 Asset Management Plan	536,673	536,673	0	0	Lock up for private placement	2017-10-16

Caitong Fund—ICBC—Shenzhen Fangwu Innovation Asset Management Co., Ltd.	715,563	715,563	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placement No.1018 Asset Management Plan	608,229	608,229	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchun Shanxi private placement No.1 Asset Management Plan	411,449	411,449	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Shenzhen Pusu Capital Management Co., Ltd.	2,146,690	2,146,690	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Hai Tan private placement No.1 Asset Management Plan	536,673	536,673	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Yongan Futures Co., Ltd.	357,782	357,782	0	0	Lock up for private placement	2017-10-16
Caitong Fund—ICBC—Fuchunprivate placement No. 1015 Asset Management Plan	876,565	876,565	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Everbright Bank—Soochow Securities Co., Ltd.	8,944,544	8,944,544	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Everbright Bank—Zhang Zhongyi	1,788,909	1,788,909	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Everbright Bank—Shanghai Tongsheng Asset Management Co., Ltd.	715,563	715,563	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Everbright Bank—Caitong Fund—Fuchunprivate placement No.693 Asset Management Plan	715,563	715,563	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Everbright Bank—Shenzhen UBS Jingao Investment Management Co., Ltd.	357,782	357,782	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Everbright Bank—Caitong Fund—Everbright Fuzunhui Zunping No. 1 Asset Management Plan	1,788,909	1,788,909	0	0	Lock up for private placement	2017-10-16

Caitong Fund—Everbright Bank—QiJuprivate placement No.2 Asset Management Plan	536,673	536,673	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Everbright Bank—QiJu private placement No.3 Asset Management Plan	536,673	536,673	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Everbright Bank—QiJu private placement No.4 Asset Management Plan	536,673	536,673	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Everbright Bank—Bohai Securities Co., Ltd.	1,788,909	1,788,909	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Everbright Bank—Caitong Fund—JinXiu private placement No.1 Asset Management Plan	894,454	894,454	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Everbright Bank—Beijing ZRTDX Investment Management Co., Ltd.	3,577,817	3,577,817	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Ping An Bank—Shanghai Tongan Investment Management Co., Ltd.	536,673	536,673	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Ping An Bank—China Securities Co., Ltd.	5,366,726	5,366,726	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Ping An Bank—Shanghai Tongan Investment Management Co., Ltd.	894,454	894,454	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Ping An Bank—Shanghai Tongan Investment Management Co., Ltd.	357,782	357,782	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Ping An Bank—Shanghai Tongan Investment Management Co., Ltd.	357,782	357,782	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Ping An Bank—Fortune Securities Co., Ltd.	1,788,909	1,788,909	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Ping An Bank—Shanghai Tongan Investment Management Co., Ltd.	626,118	626,118	0	0	Lock up for private placement	2017-10-16

Caitong Fund—Ping An Bank—Shanghai Goldstate Brilliance Asset Management Co., Ltd.	894,454	894,454	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Industrial Bank—Caitong Fund—Fuchun Jinhui Ruihe No. 5 Asset Management Plan	357,782	357,782	0	0	Lock up for private placement	2017-10-16
Caitong Fund—CBC—Youzeng No. 5 Asset Management Plan	805,009	805,009	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Shanghai Bank—Shanghai Kuake Youfu Enterprise Management Consulting Co., Ltd.	268,336	268,336	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Shanghai Bank—Fuchunprivate placement Zengli No. 12 Asset Management Plan	3,577,817	3,577,817	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Shanghai Bank—Zhejiang Hanglian Iron and Steel Co., Ltd.	894,454	894,454	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Shanghai Bank—Fuchunprivate placement Huifu No. 1314 Asset Management Plan	1,252,236	1,252,236	0	0	Lock up for private placement	2017-10-16
Caitong Fund—SPD—Caitong Fund—Puhui No. 2 Asset Management Plan	1,788,909	1,788,909	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Ningbo Bank —Tibet Yuanlesheng Asset Management Co., Ltd.	357,782	357,782	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Ningbo Bank —Fuchunprivate placement No. 916 Asset Management Plan	393,560	393,560	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Ningbo Bank —Jiaxiuyi Shunxing No.1 Asset Management Plan	1,073,345	1,073,345	0	0	Lock up for private placement	2017-10-16
Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	10,733,452	10,733,452	0	0	Lock up for private placement	2017-10-16
Caitong Fund—Huatai Securities —Caitong Fund—Fuchun Selected private placement No.1 Asset Management Plan	1,788,909	1,788,909	0	0	Lock up for private placement	2017-10-16

Total	214,792,044	211,373,696	1,930,538	5,348,886	--	--
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Note 1: In reporting period, former staff supervisor Mr. Shang Wen leave the office for 6 months, shares held by Mr. Shang are released for sales totally; former senior executive Mr. Yu Wanchun, Mr. Zhang Xiaolong and Mr. Liao Tao leave the office without 6 months, shares held by them are restricted for trading; shares held by new director Mr. Teng Guangsheng and new senior executive Mr. Huang Danian are lock-up partially in line with relevant regulations of the stock; implemented performance incentive distribution for year of 2016 in the period, parts of the shares held by senior executives are shares lockup in senior executives, which will lease for trading 25% annually, meanwhile, shares held by senior executives have other restriction conditions, found more in III. Other implementation of commitments in Section V. Important Event; shares held by other shareholders are refers to the shares subscript from privately placement of A-Stock issued in 2016. The privately placement has 7 issuing objects, 85 accounts in total, of which, except the controlling shareholder Sichuan Changhong directly subscribe the shares, 84 accounts are allocated for other 6 issuing objects (Ping An UOB FMC, Golden Egle Assets Management Co., Ltd., Harvest Fund Management Co., Ltd., Ping An Annuity Insurance Co., Ltd., Rongtong Fund Management CO.,Ltd. and Caitong Fund Management Co., Ltd.) During the period, the products allocated to above mentioned 6 objects are expired in restriction term, found more in Notice of Suggestion on Circulation of Restrict Shares of Privately Placement (Notice No.: 2017-079) released on appointed media as Securities Times, China Securities Journal, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn) dated 13 Oct. 2017

Note 2: Except for the restricted shareholders listed in the above table, there was no change in shares of other restricted shareholders during the reporting period, the reason for the restriction was because of the legal commitment of the company's share reform.

II. Security offering and listing

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

Applicable Not applicable

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

Applicable Not applicable

(III) Current shares held by internal staffs

Applicable Not applicable

III. Particulars about shareholder and actual controller of the Company

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

In Share

Total shareholders at end of the Period	61,794	Total common shareholders at end of last month before annual report disclosed	61,791	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (see note 8)	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed (if applicable) (see note 8)	0	
Particulars about shares held above 5% by shareholders or top 10 shares holding								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Sichuan Changhong Electric Co., Ltd.	State-owned legal person	22.47%	234,705,968	0	69,877,638	164,828,330	-	-
Hefei Industry Investment Holding (Group) Co., Ltd.	State-owned legal person	4.58%	47,823,401	0	0	47,823,401	-	-
Changhong Electric (Hong Kong) Trading Co., Ltd.	Foreign legal person	2.96%	30,895,442	0	0	30,895,442	-	-
Ping An Annuity Insurance Company of China, Ltd. – Ping An Pension Ruifu private placement No.1 Assets Management Products	Domestic non-State-owned legal person	2.26%	23,613,595	0	0	23,613,595	-	-
Golden Ergle- SPD-U Trust-U Trust JinYue No.4 Collected Asset Trust Plan	Domestic non-State-owned legal person	2.26%	23,613,595	0	0	23,613,595	-	-

CAO SHENGCHUN	Foreign natural person	1.32%	13,829,383	0	0	13,829,383	-	-
Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd.	Domestic non-State-owned legal person	1.20%	12,522,361	0	0	12,522,361	-	-
Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	Domestic non-State-owned legal person	1.03%	10,733,452	0	0	10,733,452	-	-
Ping An Bank – Ping An UOB Dingtai Flexible Mix Stock Investment Fund	Domestic non-State-owned legal person	1.03%	10,722,373	0	0	10,722,373	-	-
National Social Security Funds-504	Domestic non-State-owned legal person	0.94%	9,838,998	0	0	9,838,998	-	-
Harvest Fund- Ping An Bank-Huaxia Asset Management Co., Ltd.	Domestic non-State-owned legal person	0.94%	9,838,998	0	0	9,838,998	-	-
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable) (see note 3)	Not applicable							
Explanation on associated relationship among the aforesaid shareholders	<p>Among the above shareholders, Changhong (Hong Kong) Trade Co., Ltd. is the wholly-owned subsidiary of Sichuan Changhong Electronic Co., Ltd.; there existed no associated relationship or belong to the concerted actors as specified in the Measures for the Administration of Information Disclosure of Shareholder Equity Changes of Listed Companies among Sichuan Changhong Electronic Co., Ltd., Changhong (Hong Kong) Trade Co., Ltd. and other top 9 shareholders; and top ten shareholders with unrestricted subscription; Ping An Annuity Insurance Company of China, Ltd. – Ping An Pension Ruifu private placement No.1 Assets Management Products refers to the products of Ping An Annuity Insurance Company of China, Ltd subscribe for privately placement of 2016; Golden Ergle- SPD-U Trust-U Trust JinYue No.4 Collected Asset Trust Plan refers to the products of Golden Ergle Fund subscribe for privately placement of 2016; " Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd. " and " Ping An Bank – Ping An UOB Dingtai Flexible Mix Stock Investment Fund " have subscribed the products managed by Ping An Dahua Fund Management Co., Ltd. in the Company's non-public offering of shares in 2016; Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership) refers to the products of Caitong Fund Management Co., Ltd. subscribe for privately placement of 2016; “National Social Security Funds-504” and “Harvest Fund- Ping An Bank-Huaxia Asset Management Co., Ltd.” have subscribed the products managed by Harvest Fund Management Co., Ltd. in the Company's non-public offering of shares in</p>							

	2016. The company neither knows whether there is any association among other shareholders, nor knows whether other shareholders belong to the persons acting in concert that is stipulated in the “Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies”.		
Particular about top ten shareholders with un-restrict shares held			
Shareholders' name	Amount of unrestricted shares held at end of Period	Type of shares	
		Type	Amount
Sichuan Changhong Electric Co., Ltd.	164,828,330	RMB ordinary shares	164,828,330
Hefei Industry Investment Holding (Group) Co., Ltd.	47,823,401	RMB ordinary shares	47,823,401
Changhong Electric (Hong Kong) Trading Co., Ltd.	30,895,442	Domestically listed foreign shares	30,895,442
Ping An Annuity Insurance Company of China, Ltd. – Ping An Pension Ruifu private placement No.1 Assets Management Products	23,613,595	RMB ordinary shares	23,613,595
Golden Ergle- SPD-U Trust-U Trust JinYue No.4 Collected Asset Trust Plan	23,613,595	RMB ordinary shares	23,613,595
CAO SHENGCHUN	13,829,383	Domestically listed foreign shares	13,829,383
Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd.	12,522,361	RMB ordinary shares	12,522,361
Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	10,733,452	RMB ordinary shares	10,733,452
Ping An Bank – Ping An UOB Dingtai Flexible Mix Stock Investment Fund	10,722,373	RMB ordinary shares	10,722,373
National Social Security Funds-504	9,838,998	RMB ordinary shares	9,838,998
Harvest Fund- Ping An Bank- Huaxia Asset Management Co., Ltd.	9,838,998	RMB ordinary shares	9,838,998
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Found more in “Particulars about shares held above 5% by shareholders or top 10 shares holding”		
Explanation on top ten common shareholders involving margin business (if applicable) (see note 4)	Not applicable		

Note 1: At end of the reporting period, the person acting in concert with controlling shareholder Sichuan Changhong-- Changhong (Hong Kong) Trading Company Limited, holds B-stock of the Company as 30,895,442

shares, among which, 3,817,645 shares are held through Philip Securities (H.K.) Co., Ltd.

Note 2: In the above table, "the shareholding situation of the top ten shareholders" is subject to the data on stock transfer books provided by China Securities Depository and Clearing Corporation Limited Shenzhen Branch, during the reporting period, 7 issuing objects including Sichuan Changhong Electric Co., Ltd. , Ping An Dahua Fund Management Co., Ltd., Golden Eagle Fund Management Co., Ltd., Harvest Fund Management Co., Ltd., Ping An Endowment Insurance Co., Ltd., Rongtong Fund Management Co., Ltd., and Caitong Fund Management Co., Ltd. have subscribed the company's non-public offering of shares in 2016. Up to the date of disclosure, except Sichuan Changhong, the shares (210,981,038 shares) held by other 6 objects has their restriction term ends for 12 months, the shares are circulated for trading on 16 Oct. 2017. See details on the Announcement No. 2016-057 and No. 2017-079 which the company has disclosed on the designated information disclosure media on October 13, 2016 and October 13, 2017.

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

Yes No

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

(II) Controlling shareholder of the Company

1. Nature of controlling shareholders: local state-owned holding
2. Type of controlling shareholders: legal person

Controlling shareholders' name	Legal rep./person in charge of unit	Dated founded	Organization code	Main business
Sichuan Changhong Electric Co., Ltd.	Zhao Yong	1993-4-8	91510700205412308D	Manufactures, sales and maintenance of household appliance, automotive electrical appliance, Electronic products and spare parts, communications equipments, lighting equipment, household products, computer and other Electronic equipments, specialized equipments of Electronic and Electronic, Electronic machinery and equipment, series products of batteries, Electronic medicine products, Electronic equipments, mechanical equipment , Refrigeration equipment and accessories digital monitoring products, metal products, apparatus and instruments, culture and office machines, culture and education and sports products, kitchen cabinet and gas appliance; house and equipment rental; packing products and technical

				<p>services; road transportation; storage and discharging convey; R&D, sales and services of integrated circuit and software; consultancy and services of enterprise management; hi-tech project investment and other state-permitted business; development and operation of property; engineering construction for house and buildings; callback and disposal of obsolete appliance and Electronic products; services of Information Technology; consultancy and services of finance; sales, relevant import and export business of Chemical raw materials and products(Not contain dangerous chemicals), building materials, non-ferrous metal, Steel, plastics, packing material, mechanical and electrical equipment, Precious metals, Automotive components, Electronic components, agent service of telecommunication.</p>
<p>Equity controlling and jointly of other foreign/domestic listed company by controlling shareholder in reporting period</p>	<p>1. Ended as 31 December 2017, 28.95 percent equity of Huayi Compressor Co., Ltd. (stock code: 000404), the listed company in main board of SSE, were directly hold by Sichuan Changhong. 2. Up to 31 December 2017, 1,008,368,000 common shares of the Changhong Jiahua Holdings Limited (Stock code: 08016), the listed company in GEM of Hong Kong Stock Exchange, were held by Sichuan Changhong and its persons acting in concert, representing 69.3202 percent in total issued common shares of Changhua Jiahua Holding.</p>			

3. Controlling shareholder changes in reporting period

Applicable Not applicable

Controlling shareholder stays the same in Period.

(III) Actual controller of the Company

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

2. Type of actual controller: legal person

Actual controller	Legal rep./person in charge of unit	Dated founded	Organization code	Main business
State-owned Assets Supervision & Administration Commission of Mianyang Municipality	--	--	--	State-owned Assets Supervision & Administration Commission of Mianyang

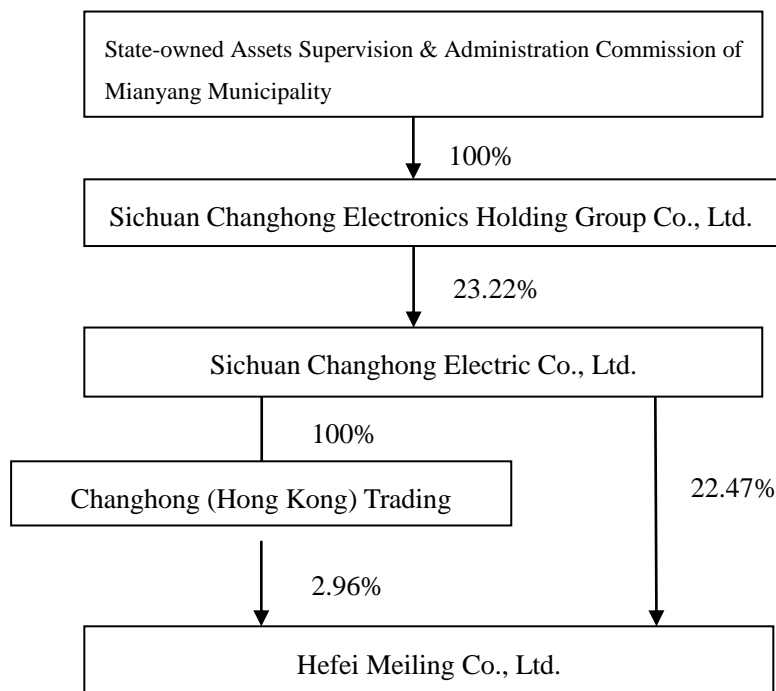
				Municipality is entrusted by the same level government, together performs decision-making and management of state-owned asset owners, and is one organization which executes comprehensive management and supervision on its belonged state-owned assets.
Equity controlling of other foreign/domestic listed company by actual controller in reporting period	Not applicable			

3. Changes of actual controller in Period

Applicable Not applicable

Actual controller stays the same in Period

4. Property rights and the block diagram of the control relationship between the Company and the actual control



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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

Section VII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the reporting.

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

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

Name	Title	Post status	Sex	Age	Office dated from	Office dated ended	Shares held at period-begin (Share)	Amount of shares increase in this period(Share)	Amount of shares decreased in this period (Share)	Other changes (share)	Shares held at period-end (Share)
Li Wei	Chairman	Currently in office	M	45	2011-6-20	2020-9-12	1,140,400	288,073	0	0	1,428,473
Wu Dinggang	Deputy Chairman, President	Currently in office	M	45	2014-7-3	2020-9-12	414,300	156,200	0	0	570,500
Kou Huameng	Director	Currently in office	M	48	2014-7-3	2020-9-12	0	0	0	0	0
Shi Qiang	Director	Currently in office	M	49	2017-9-12	2020-9-12	0	0	0	0	0
Yong Fengshan	Director	Currently in office	M	49	2017-9-12	2020-9-12	0	0	0	0	0
Teng Guangshe	Director	Currently in	M	49	2017-5-4	2020-9-12	117,600	0	0	0	117,600

ng		office									
Gan Shengdao	Independent Director	Currently in office	M	51	2014-7-3	2020-9-12	0	0	0	0	0
Ren Jia	Independent Director	Currently in office	M	54	2014-7-3	2020-9-12	0	0	0	0	0
Lu Yingjin	Independent Director	Currently in office	M	53	2014-7-3	2020-9-12	0	0	0	0	0
Shao Min	Chairman of Supervisory	Currently in office	M	35	2017-9-12	2020-9-12	0	0	0	0	0
Huang Hong	Supervisor	Currently in office	F	47	2017-9-12	2020-9-12	0	0	0	0	0
He Xintan	Supervisor	Currently in office	M	37	2017-9-12	2020-9-12	0	0	0	0	0
Ji Ge	Staff Supervisor	Currently in office	F	36	2017-12-25	2020-9-12	0	0	0	0	0
Zhu Wenjie	Staff Supervisor	Currently in office	M	30	2015-4-8	2020-9-12	0	0	0	0	0
Liu	Executive	Curren	M	54	2011-6-20	2020-9-12	1,333,132	356,761	0	0	1,689,893

Hongwei	deputy president	tly in office									
Zhong Ming	Deputy Chairman	Currently in office	M	45	2013-12-30	2020-9-12	158,900	156,000	0	0	314,900
Huang Danian	Deputy Chairman	Currently in office	M	48	2017-9-12	2020-9-12	342,100	14,350	0	0	356,450
Pang Haitao	CFO (person in charge of finance)	Currently in office	M	42	2017-10-25	2020-9-12	0	0	0	0	0
Li Xia	Secretary of the Board	Currently in office	F	37	2009-5-22	2020-9-12	459,100	93,700	0	0	552,800
Liu Tibin	Chairman	Office leaving	M	55	2011-11-15	2017-7-17	0	0	0	0	0
Xu Bangjun	Deputy Chairman	Office leaving	M	53	2016-5-4	2017-4-24	0	0	0	0	0
Gao Jian	Director	Office leaving	M	42	2014-7-3	2017-9-12	0	0	0	0	0
Yu Wanchun	Chairman of Supervisory	Office leaving	M	47	2014-7-3	2017-9-12	263,300	0	0	0	263,300
Yu Xiao	Supervisor	Office leaving	M	49	2014-11-5	2017-9-12	0	0	0	0	0
Hu Jia	Supervisor	Office	F	43	2013-6-6	2017-9-12	0	0	0	0	0

		leaving									
Deng Li	Staff Supervisor	Office leaving	M	35	2017-2-28	2017-12-25	0	0	0	0	0
Liao Tao	Deputy Chairman	Office leaving	M	47	2013-1-28	2017-11-21	548,866	156,100	0	0	704,966
Zhang Xiaolong	Deputy Chairman and person in charge of finance	Office leaving	M	42	2013-4-18	2017-10-24	329,700	155,000	0	0	484,700
Total	--	--	--	--	--	--	5,107,398	1,376,184	0	0	6,483,582

II. Changes of directors, supervisors and senior executives

√ Applicable □ Not applicable

Name	Title	Type	Date	Reasons
Shang Wen	Staff supervisor	Office leaving	2017-2-28	He did not serves as staff supervisor of the Company for personal reasons
Deng Li	Staff supervisor	Election	2017-2-28	Being election by democratic election on employees congress, Mr. Deng Li agreed to elected as staff supervisor of 8 th supervisory committee of the Company
		Office leaving	2017-12-25	He did not serves as staff supervisor of the Company for personal reasons
Xu Bangjun	Deputy chairman	Office leaving	2017-4-24	Resigned the posts of deputy president of 8 th BOD of the Company, director, member of strategy committee and member of remuneration and appraisal committee due to personal career moves
Teng Guangsheng	Director	Election	2017-5-4	Mr. Teng Guangsheng was elected as non-independent director of the Company by resolution approved by AGM of 2016
			2017-9-12	Being deliberated and approved by 2 nd extraordinary shareholders general meeting of 2017, Mr. Teng Guangsheng agreed to elected as non-independent director of the 9 th BOD of the Company
Liu Tibin	President	Office leaving	2017-7-17	Resigned the posts of deputy president of 8 th BOD of the Company, director, member of strategy committee and member of remuneration and appraisal committee due to personal career moves
Li Wei	President	Election	2017-7-21	Mr. Li Wei was elected as president of 8 th BOD of the Company by resolution approved in 33 rd session of 8 th BOD
	Chairman	Office leaving	2017-7-21	He resigned from Chairman of the Company for personal work changed
	President	Election	2017-9-12	Being deliberated and approved by 1 st meeting of 9 th BOD, Mr. Li Wei agreed to elected as president of the 9 th BOD of the Company
Wu Dinggang	Chairman	Appointment	2017-7-21	Mr. Wu Dinggang was appointed as chairman of the Company by resolution approved 33 rd session of 8 th BOD, he has the office term as the Board
			2017-9-12	Being deliberated and approved by 1 st meeting of 9 th BOD, agreed to appointed Mr. Wu Dinggang as chairman of the Company and shows the same term as

				the BOD
	Deputy chairman	Election	2017-9-12	Being deliberated and approved by 1 st meeting of 9 th BOD, agreed to elected Mr. Wu Dinggang as deputy chairman of the 9 th BOD of the Company
Shi Qiang	Director	Election	2017-9-12	Being deliberated and approved by 2 nd extraordinary meeting of shareholders general meeting of 2017, agreed to elected Mr. Shi Qiang as non-independent director of the 9 th BOD of the Company
Yong Fengshan	Director	Election	2017-9-12	Being deliberated and approved by 2 nd extraordinary meeting of shareholders general meeting of 2017, agreed to elected Mr. Yong Fengshan as non-independent director of the 9 th BOD of the Company
Kou Huamen	Director	Election	2017-9-12	Being deliberated and approved by 2 nd extraordinary meeting of shareholders general meeting of 2017, agreed to elected Mr. Kou Huamen as non-independent director of the 9 th BOD of the Company
	Deputy chairman	Appointment	2017-11-22	Being deliberated and approved by 5 th session of 9 th BOD, agreed to appointed Mr. Kou Huamen as deputy chairman of the Company and shows the same term as the BOD
Shao Min	Chairman of supervisory board	Election	2017-9-12	Being deliberated and approved by 2 nd extraordinary shareholders general meeting of 2017, agreed to elected Mr. Shao Min as supervisor of 9 th supervisory committee; and being deliberated and approved by 1 st meeting of 9 th supervisory committee, agreed to elected Mr. Shao Min as chairman of the supervisory board
Huang Hong	Supervisor	Election	2017-9-12	Being deliberated and approved by 2 nd extraordinary shareholders general meeting of 2017, agreed to elected Ms. Huang Hong as supervisor of 9 th supervisory committee;
He Xintan	Supervisor	Election	2017-9-12	Being deliberated and approved by 2 nd extraordinary shareholders general meeting of 2017, agreed to elected Mr. He Xintan as supervisor of 9 th supervisory committee;
Huang Danian	Deputy president	Appointment	2017-9-12	Being deliberated and approved by 1 st session of 9 th BOD, agreed to appointed Mr. Huang Danian as deputy chairman of the Company and shows the same term as the BOD
Gao Jian	Director	Leave while office term ends	2017-9-12	General election of the Board and leaves the office for term end
Yu Wanchun	Chairman of supervisory	Leave while office term	2017-9-12	General election of the supervisory and leaves the office for term end

	board	ends		
Yu Xiao	Supervisor	Leave while office term ends	2017-9-12	General election of the supervisory and leaves the office for term end
Hu Jia	Supervisor	Leave while office term ends	2017-9-12	General election of the supervisory and leaves the office for term end
Zhang Xiaolong	Vice chairman and person in charge of finance	Dismissal	2017-10-24	He resigned deputy president and CFO of the Company due to work changes
Pang Haitao	CFO and person in charge of finance	Appointment	2017-10-25	Agreed to appointed Mr. Pang Haitao as CFO (Financial director) of the Company after deliberation and approved by 3 rd session of 9 th BOD
Liao Tao	Deputy president	Dismissal	2017-11-21	He resigned deputy president of the Company due to work changes
Ji Ge	Staff supervisor	Election	2017-12-25	Agreed to elected Ms. Ji Ge as the staff supervisor of 9 th supervisory committee, after democratic election on 2 nd meeting of 8 th worker's congress

III. Post-holding

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

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

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

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

4. Shi Qiang, male, Han nationality, was born in Jiangyou, Sichuan in July 1968, a member of the Communist Party of China, earned a bachelor' s degree in underwater sound electronic engineering from Southeast University, and is an engineer. He successively served as the director of quality management division, the director of goods and material department, the director of asset management department, the deputy director, the director, and the office director of the board of directors of Sichuan Changhong Electric Co., Ltd. He currently serves as the deputy secretary of the party committee, the secretary of the disciplinary committee, Secretary of the Board ,and the director of Huayi Compressor Co., Ltd., and the director of the Company.

5. Yong Fengshan, male, Han nationality, was born in Dingyuan, Anhui in June 1968, a

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

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

7. Gan Shengdao, male, the Han nationality from Tianchang, Anhui Province, was born in March 1967, member of China Democratic National Construction Association, a doctoral candidate and Doctor of Economic. He served successively as teaching assistant, lecturer and associate professor in Department of National Economic Management of Sichuan University, the associate professor and professor in Department of Business Administration of Sichuan University. Now he serves as professor and doctoral supervisor in Business School of Sichuan University, deputy director of Financial Institute of Sichuan University, independent director of Chengdu Rainbow Electric (Group) Co., Ltd., independent director of Sichuan Sunny Seal Co., Ltd., independent director of Sichuan Yahua Industrial Group Co., Ltd, independent director of Yibing Wuliangye Co., Ltd. and outside director of Sichuan Huashi Group Co., Ltd. and independent director of the Company.

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

Long, an independent director of InHand Networks, and an independent director of the Company.

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

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

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

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

13. Ji Ge, female, Han nationality, was born in Nanyang, Henan Province in January 1982, a member of the Communist Party of China, and earned a bachelor's degree in law from Hunan University and a master's degree from Anhui University. She joined Hefei Meiling Co., Ltd. in July 2005 and once served as the legal specialist of legal department, the sponsor of legal affairs, and the intellectual property director of the legal department of the Company. She currently serves as the director of the legal department, a member of the disciplinary committee, a member of the labor union funds audit committee, and an employee supervisor of the Company.

14. Zhu Wenjie, male, the Han nationality from Hefei, Anhui Province, member of Communist Party of China, born in January 1988, bachelor's degree, study MBA in University of Science and Technology of China. He started to work in Hefei Meiling Co., Ltd. in July 2010 after graduation, served as an accountant for big customer accounting in financial management department of Hefei

Meiling Co., Ltd., securities affairs assistant at the office of secretary of the board, and director of securities affairs, and currently serves as the representative of the Company's securities affairs, director of securities affairs at the office of secretary of the board, and employee supervisor of the Company.

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

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

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

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

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

20. Xu Bangjun, was born in December 1964, member of Communist Party of China, an engineer with a bachelor degree, graduated from economic management of the Sichuan Party School. He have successively held the posts of vice director of the machinery factory of Sichuan Changhong Electric Co., Ltd., GM of Sichuan Changhong Mould & Plastic Technology Co., Ltd., member of PC of Sichuan Changhong Electric Co., Ltd., employee director and chairman of the union in Sichuan Changhong Electronics Holding Group Co., Ltd., chairman of the union of Sichuan Changhong Electric Co., Ltd., GM Assistant of Sichuan Changhong Electric Co., Ltd., Chairman of the Household Appliances Industry Group of Sichuan Changhong Electric Co., Ltd., deputy chairman of Huayi Compressor Co., Ltd. and Hefei Meiling Co., Ltd, he did not served as deputy chairman of the Company since 24 April 2017.

21. Liu Tibin, member of the Communist Party, born in January 1963, senior accountant, government subsidies specialist of the State Council, and he is the winner of National Labor Medal. He-a doctoral candidate, graduated from electronic industry and financial accounting major, department of industrial economy of Hangzhou Institute of Electronic and Technology. (Bachelor of Economics), was doctor student in the enterprise management major, department of business management, University of Electronic Science and Technology of China. He participated in the work in July 1984. He has served successively as the deputy GM, CFO, executive deputy GM and secretary of Party committee in Sichuan Changhong Electronic Co., Ltd.; General Accountant, deputy GM, secretary of Party committee and other post in Sichuan Changhong Electronic Group Co., Ltd., the deputy chairman and member of the Party Committee of Sichuan Changhong Electronic Group Co., Ltd.; and the deputy chairman, GM and member of the Party Committee of Sichuan Changhong Electronic Co., Ltd. together as the Chairman of Huayi Compressor Co., Ltd., chairman of Sichuan Changhong Minsheng Logistic Co., Ltd. and Chairman of the Company. Now he serves as deputy secretary of the party, deputy chairman and GM of Sichuan Investment Group Co., Ltd. and did not serve as chairman of the Company since 17 July 2017.

22. Gao Jian, was born in September 1975, member of China Democratic National Construction Association, owns bachelor degree and graduate from economic management educated in Anhui Provincial Party Institute. He served successively as deputy chief of Commercial Bureau of Luyang District, Hefei City, and deputy chief of Finance Bureau of Luyang District, Hefei City, and deputy director of Luyang Assets Management Office, deputy director of investment and financing management center, GM of Hefei Luyang State-owned Assets Investment Holding Group Co.,Ltd., the director of Auditing Bureau of Luyang, deputy chairman of Luyang CPPCC and chairman of Luyang Shiyu Micro Loan Co., Ltd., director of the Company. Now he serves as deputy president and director of Hefei Xingtai Financial Holding (Group) Co., Ltd., the director of Hefei Science & Technology Rural Commercial bank. And he did not serve as director of the Company since 12 Sept. 2017.

23. Yu Wanchun, born in September 1970, is a member of the Communist Party of China, a senior accountant, and a bachelor degree holder who graduated from Chongqing Institute of Commerce (Chongqing Technology and Business University) as an accounting major. He joined in work in July 1994 and served successively as the deputy director of finance department, the director of audit department, the chairman of the board of supervisors, and a member of party committee of Sichuan Changhong Electric Co., Ltd., a member of party committee, the office director of disciplinary committee, the director of discipline inspection and supervision department, and the

director of audit department of Sichuan Changhong Electronic Holdings Group Co., Ltd., the chairman of the board of supervisors of Sichuan Electronic War Industry Group Co., Ltd., the chairman of the board of supervisors of Huayi Compressor Co., Ltd., and the chairman of the board of supervisors of the Company. He currently serves as the chief accountant at Huayi Compressor Co., Ltd. Since September 12, 2017, he no longer served as the chairman of the board of supervisors of the Company.

24. Yu Xiao, was born in August 1968, Member of CPC, a master degree candidate, graduated with a Master's degree in Business Management of College of Business Administration of Sichuan University, a senior accountant. He served successively as deputy chief in Sichuan Changhong Electric Co., Ltd., deputy chief in Financial Accounting Office of Sales, deputy director of the Sales Department, director of the Financial Department and director of Huayi Compressor Co., Ltd., CFO and deputy GM of the Sichuan Changhong Electronics Holding Group Co., Ltd. and supervisor of the Company and did not serve as supervisor of the Company since 12 Sept. 2017.

25. Hu Jia, born in January 1975, a member of the Communist Party of China, a senior accountant, a certified public accountant, Australian FCPA, ACCA, a national accountant leading talent of the ministry of finance, a member of the national accounting informationization committee, a member of the national standardization working group for accounting software data interface, and a member of the first session of the enterprise accounting standards advisory committee of ministry of finance, an expert consultant at the industry management accounting research and development center, a representative of the tenth session of Party Congress of Sichuan Province, a master degree holder, and a major in financial market and portfolio management from the University of Hong Kong. He successively served as the director of finance department, the chief financial officer and the chief information officer of Sichuan Changhong Electric Co., Ltd. He currently serves as the deputy general manager and chief accountant of Sichuan Changhong Electronic Holdings Group Co., Ltd., the chairman of Sichuan Changhong Group Finance Co., Ltd., the chairman of Changhong (Hong Kong) Trading Co., Ltd., and the chairman of Yuanxin Financial Leasing Co., Ltd. Since September 12, 2017, he no longer served as a supervisor of the Company.

26. Zhong Xiaolong, male, the Han nationality from Xianyang, Shan' xi Province, was born in February 1976, an accountant, a master degree candidate. He successively served as chief of management analysis of general management dept. of Sichuan Changhong Electric Co., LTD, GM of marketing auditing of audit dept. of Sichuan Changhong Electric Co., LTD, director of financial dept. of Guangdong Changhong Electric Co., Ltd., deputy GM of financial sharing center of Sichuan Changhong Electric Co., LTD and CFO of Sichuan COC Display Device Co., Ltd and deputy president and finance manager of the Company. He is the person in charge of financial in Sichuan Changhong Electric Co., Ltd. multi-media industrial company. He did not served as deputy president and CFO of the Company since 24 October 2017

27. Liao Tao, male, the Han nationality from Renshou, Sichuan Province, Member of CPC, was born in September 1970, owes a university degree. He successively served as chief technology office of plastic plant and project manager of operation & management of Sichuan Changhong Electric Co., Ltd.; director of engineering dept. of Guangdong Changhong Electronic Co., Ltd. and vice GM of Sichuan Changhong Air-conditioner Co., ltd., vice president of the Company. He now takes deputy GM of 081 Electronic Group. And did not served as deputy president of the Company

since 21 Nov. 2017

28. Deng Li, male, Han nationality, was born in Lu' an, Anhui in August 1982, a master degree holder, and earned a Master of Business Administration at University of Science and Technology of China. He joined Hefei Meiling Co., Ltd. in July 2006 after graduation. He successively held the posts of the training sponsor, purchase sponsor of freezer division, and the administrative director of administrative logistics department of Hefei Meiling Co., Ltd., and an employee supervisor of the Company. Since September 25, 2017, he no longer served as an employee supervisor of the Company.

(II) Post-holding in shareholder's unit

√Applicable □Not applicable

Name	Shareholder's unit	Title	Start date of office term	End date of office term	Drawing remuneration and allowance from shareholder's unit (Y/N)
Li Wei	Sichuan Changhong Electric Co., Ltd.	GM	2017.07.21	-	Y
Yong Fengshan	Hefei Industrial Investment Holding (Group) Co., Ltd.	Party Secretary, Chairman	2015.02.13	-	Y
Teng Guangsheng	Sichuan Changhong Electric Co., Ltd.	GM of multi-media industry company	2017.11.17	-	Y
Shao Min	Sichuan Changhong Electric Co., Ltd.	Deputy director of assets management department	2016.01.22	-	Y
Huang Hong	Sichuan Changhong Electric Co., Ltd.	Deputy Chief of auditing department	2011.09.16	-	Y
He Xintan	Sichuan Changhong Electric Co., Ltd.	Deputy Chief of development and management	2014.11.11	-	Y

		department			
Post-holding in shareholder's unit	N/A				

(III) Post-holding in other unit

√ Applicable □ Not applicable

Name	Other unit	Title	Start date of office term	End date of office term	Drawing remuneration and allowance from other unit (Y/N)
Li Wei	Meiling CANDY Washing Machine Co., Ltd.	Chairman	2017.04.24	-	N
	Guangdong Changhong Electronics Co., Ltd.	Chairman	2017.10.11	-	N
	Sichuan Changhong Minsheng Logistics Co., LTD	Chairman	2017.08.31	-	N
	Lejiayi Chain Management Co., Ltd.	Chairman	2017.09	-	N
Yong Fengshan	Whirlpool (China) Co., Ltd.	Vice Chairman	2015.04.17	-	N
	Hefei Venture Capital Guidance Fund Co., Ltd.	Chairman	2015.04.17	-	N
	CAS (Hefei) Technical Innovation Engineering Institute Co., Ltd.	Chairman	2015.04.17	-	N
	Hefei International Inland Port Development Co., Ltd.	Chairman	2017.12.14	-	N
Wu Dinggang	Zhongke Meiling Cryogenic Technology Co., Ltd.	Chairman	2017.08.21	-	N
	Meiling CANDY Washing Machine Co., Ltd.	Director	2017.09.27	-	N
Shi Qiang	Huayi Compressor Co., Ltd.	Director	2017.05.03	-	N
		Secretary of the Board	2018.03.05	-	Y
Kou Huameng	Huayi Compressor Co., Ltd.	Director	2015.04.16	-	N
Gan Shengdao	Business School of Sichuan University	Professor, doctoral supervisor,	1990.07	-	Y

		director of Financial Institute of Sichuan University			
	Chengdu Rainbow Electric (Group) Co., Ltd.	Independent Director	2012.03.23	-	Y
	Sichuan Sunny Seal Co., Ltd.	Independent Director	2011.06.21	-	Y
	Liangshan Rural Commercial Bank Co., Ltd.	Independent Director	2011.11.18	2017.12.18	Y
	Sichuan Yahua Industrial Group Co., Ltd	Independent Director	2015.06.09	-	Y
	Sichuan Huashi Group Co., Ltd.	Outside director	2015.08.10	-	Y
	Yibing Wuliangye Co., Ltd.	Independent Director	2016.11.18	-	Y
Ren Jia	SIMIC Holdings Co., Ltd.	Deputy president	2013.01	-	Y
	SIMIC Development Co., Ltd.	Chairman/GM	2014.07	-	N
	Shanghai Hefa Enterprise Management Partnership (Limited Partnership)	Partner / legal representative	2016.05	-	N
	Shanghai Zhongke Xinwei IT Park Co., Ltd.	Chairman	2018.01	-	N
	Beijing Inhand Networks Co., Ltd	Independent Director	2018.01	-	Y
Lu Yingjin	School of Management and Economics of UESTC	Associate professor	2001.12.30	-	Y
He Xintan	Huayi Compressor Co., Ltd.	Director	2018.01.05	-	N
Zhong Ming	Zhongke Meiling Cryogenic Technology Co., Ltd.	Director	2015.08.28	2018.08.27	N
Li Xia	Zhongke Meiling Cryogenic Technology Co., Ltd.	Chairman of Supervisory Committee	2015.08.28	2018.08.27	N
	Meiling CANDY Washing Machine Co., Ltd.	Supervisory	2017.04.24	2020.04.23	N
Post-holding	N/A				

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

Applicable Not applicable

IV. Remuneration of directors, supervisors and senior executives

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

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

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

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

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

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

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

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

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

Directors, supervisors and senior executives of the Company has 19 in total up to 31 December 2017, actually 12 person receiving remuneration from the Company, 2 staff supervisors are received their remuneration by actual positions (non-supervisor post); furthermore, 3 independent directors are received the allowance monthly from the Company; the Company will pay remuneration to senior executives monthly/quarterly/annually.

During the reporting period, the Company has established the executive compensation and performance management program for the senior management of 2017 in accordance with the main

scope, the responsibilities, the importance of the management positions of the senior management, and the compensation level of other relevant company and position, the program includes but not limited to the company's key performance indicator (KPI) and performance evaluation criteria, procedures and major evaluation system; the major programs and systems of the reward and punishment; review the performance of duties of the company's senior management and conduct the annual performance appraisal.

At the end of the year, the Remuneration and Appraisal Committee combined the work report and self-evaluation of the senior management in 2017, followed the performance evaluation criteria and procedures, and evaluated the Key Performance Indicator (KPI) of the senior management in 2017; and other relevant indicators of performance evaluation; proposed the remuneration amount and performance appraisal approach of the senior management based on the job performance evaluation results and the remuneration policy, and reported to the Board for approval.

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

In 10 thousand Yuan

Name	Title	Sex	Age	Post status	Total remuneration obtained from the Company (before taxes)	Whether remuneration obtained from related party of the Company
Li Wei	Chairman	M	45	Currently in office	30.24	Y
Wu Dinggang	Deputy Chairman, President	M	45	Currently in office	48.09	N
Kou Huameng	Director, Vice President	M	48	Currently in office	5.12	Y
Shi Qiang	Director	M	49	Currently in office	0	Y
Yong Fengshan	Director	M	49	Currently in office	0	Y
Teng Guangsheng	Director	M	49	Currently in office	33.73	Y
Gan Shengdao	Independent Director	M	51	Currently in office	11.90	N
Ren Jia	Independent Director	M	54	Currently in office	11.90	N
Lu Yingjin	Independent Director	M	53	Currently in office	11.90	N
Shao Min	Chairman of	M	35	Currently in	0	Y

	Supervisory			office		
Huang Hong	Supervisor	F	47	Currently in office	0	Y
He Xintan	Supervisor	M	37	Currently in office	0	Y
Ji Ge	Staff Supervisor	F	36	Currently in office	16.38	N
Zhu Wenjie	Staff Supervisor	M	30	Currently in office	16.66	N
Liu Hongwei	Executive deputy president	M	54	Currently in office	48.00	N
Zhong Ming	Deputy Chairman	M	45	Currently in office	33.06	N
Huang Danian	Deputy Chairman	M	48	Currently in office	32.90	N
Pang Haitao	CFO (person in charge of finance)	M	42	Currently in office	6.74	N
Li Xia	Secretary of the Board	F	37	Currently in office	22.56	N
Liu Tibin	Chairman	M	55	Office leaving	0	Y
Xu Bangjun	Deputy Chairman	M	53	Office leaving	0	Y
Gao Jian	Director	M	42	Office leaving	0	Y
Yu Wanchun	Chairman of Supervisory	M	47	Office leaving	0	Y
Yu Xiao	Supervisor	M	49	Office leaving	0	Y
Hu Jia	Supervisor	F	43	Office leaving	0	Y
Deng Li	Staff Supervisor	M	35	Office leaving	18.72	N
Liao Tao	Deputy Chairman	M	47	Office leaving	32.55	Y
Zhang Xiaolong	Deputy Chairman and person in charge of finance	M	42	Office leaving	28.15	Y
Total	--	--	--	--	408.60	--

Note: in reporting period, the remuneration obtained by the above mentioned staff refers to the pay should be obtained for taking post as senior executives, independent directors or other administrative post

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

The audited operating results and actual operation of the company in 2016 have met the requirements for awarding the annual performance incentive funds. The company held the 29th meeting of the 8th Board of Directors and the 15th meeting of the 8th Board of Supervisors and the Annual General Meeting of Shareholders of 2016 on March 28, 2017 and May 4, 2017, accreditation by independent directors, reviewed by supervisory committee and director interested avoiding the voting, the meetings considered and approved the “Proposal on the Provision for the Company's 2016 Annual Performance Incentive Funds”. In addition, the company held the 32nd meeting of the 8th Board of Directors, the 17th meeting of the 8th Board of Supervisors, and the first extraordinary general meeting of shareholders in 2017 on June 2, 2017 and June 20, 2017, the independent directors made independent opinions, inspection of the supervisory, and the benefited directors abstained from voting, the meetings considered and approved the “Allocation Plan for the Company's 2016 Annual Performance Incentive Funds”, the details are as follows:

Name	Post	The performance incentive fund for year of 2016 obtained (in 10 thousand Yuan) (before-tax)
Li Wei	Chairman	203
Wu Dinggang	Vice chairman and President	109
Liu Hongwei	Executive vice president	154
Liao Tao	Former vice president	109
Zhong Ming	Vice President	109
Zhang Xiaolong	Former vice president and person in charge of finance	109
Huang Danian	Vice President	84
Li Xia	The Secretary of the board of directors	67
Total	-	944

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

Applicable Not applicable

V. Staff of the Company

Hefei Meiling Co., Ltd. and its controlling subsidiaries owned on-job employees of 17,179 people in total. There

are 136 people in retired are enjoying expenses paid by the Company.

(I) Numbers, professional structure and education background

On-job employee in parent company (people)	7,086
On-job employee in main subsidiary (people)	10,093
Total on-job employees (people)	17,179
Current total payroll(people)	17,179
Number of retired employees with expenses paid by the parent company and main subsidiary (people)	136
Professional structure	
Types of professional category	Numbers of professional category (people)
Production staff	10,706
Salesman	3,596
Technician	2,269
Financial staff	237
Administration staff	371
Total	17,179
Education background	
Type of education background	Numbers (people)
High school and below	11,736
Junior college	2,691
Undergraduate	2,611
Master and above	141
Total	17,179

(II) Remuneration policy

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

(III) Training plans

Training plan: The Company has established the Staff Training Management System, Credit Management Regulations, Reserve Team Selection and Training Regulations and other systems and standard work flows, set up

the staff capacity model, and gradually established the growth mechanism by combining the training with the individual employee development, and combining the qualification promotion with the career development.

1. The mechanism for the selection, education and use of reserve talents gradually presented. In 2017, the Company focused on advancing the project for talent construction of 100-person echelon, and optimized the talent development echelons such as reserve leaders, reserve cadres, overseas businesses, overseas factories, and outstanding university students, and so on; the 100-person echelon has become an important reservoir for talent training of the Company.

2. Talent training more effectively supported the Company's development. In order to effectively support the Company's operating principles of "product leading, marketing force, manufacturing breakthrough, and mechanism guarantee", on the one hand, the Company improved the training enthusiasm and development ability of R&D personnel through the project points system, industry exchanges, and other activities; on the other hand, the Company established the "Three-Year Planning for Talent Development and Career Development Plan" to effectively support the development of talents. At the same time, the Company standardized the capacity evaluation and engagement evaluation system for personnel at all levels to provide data supports for formulating a reasonable management mechanism.

3. Build a competitive enterprise cultural atmosphere. Successfully organized the kick-off meeting for the first session of enterprise cultural construction, revised the enterprise culture manual, and re-organized the core concepts of the enterprise, and combined with monthly enterprise cultural construction, sports cultural festivals and other ways to deepen the awareness and recognition of the Company's employees to enterprise culture.

(IV) Labor outsourcing

Applicable Not applicable

Section IX. Corporate Governance

I. Corporate governance of the Company

(I) Overview of the corporate governance

In strict compliance with the Company Law, Securities Law, Governance Principles of Listed Company issued by the CSRC, and the Rules Governing the Listing of Securities on Shenzhen Stock Exchange (amended in 2014), the Company continued to construct and perfect its governance structure, thereby forming its decision-making, supervision and operation management organization with general meeting, the board of directors, the board of supervisors and operation management as the major structure. The general meeting, board of directors, board of supervisors and operation management of the Company has definite terms of reference, which can ensure an effective balance, scientific decision-making process and coordinative operation, laying firm foundation for making decisions relating to the Company's continuous, steady and healthy development.

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

1. Shareholders and general meeting

The Company standardized the procedures concerning convening, holding and voting of general meeting in strict compliance with the Articles of Association and Rules of Procedure of General Meeting. All shareholders, especially the minority shareholders, were equally treated to ensure all shareholders shall rank equal status and can fully exercise their right. During the reporting period, the Company convened general meetings according to Rules of Procedure of Listed Issuer's General Meeting (amended in 2016)(ZJH Notice[2016] No.22) issued by the CSRC and the Implementation Rules Relating to Network Voting at General Meeting of Listed Issuer issued by Shenzhen Stock Exchange (amended in September 2016). In addition to convening general meeting in forms of site conference, the Company offered convenience for shareholders to present general meeting via network voting which was safe, economic and convenient. At the same time, the Company strictly implemented the regulations of Rules of Procedure for Shareholders' Meeting of Listed Companies (revised in 2016) and Guideline for Articles of Association of Listed Companies (revised in 2016) (CSRC announcement No. [2016] 23) that the votes of small and medium investors should be counted separately, all the matters submitted to the Company's general meeting of shareholders should count the votes of the small and medium investors separately, and the results of the vote count should be disclosed timely so as to effectively protect the rights and interests of small and medium investors and ensure that all shareholders, especially the small and medium shareholders, fully exercise their rights.

2. The Company and controlling shareholders:

The Company has independent business and independent management capability. The Company and its

controlling shareholders owe independent business, personnel, assets, organs and finance. During the period, controlling shareholder abide by requirement of Article of Association and Management System of Related Transactions, strictly regulate their behaviors, and no controlling shareholder has directly or indirectly intervened in the Company's policy-making and business activities beyond the general meeting of stockholders, no capital or assets of the Company occupied by controlling shareholder and its affiliates either.

3. The directors and board of directors

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

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

4. Supervisors and board of supervisors

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

5. The performance appraisal and incentive and constraint mechanism

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

6. The stakeholders

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

7. The information disclosure and transparency

During the Period, the Company strengthens management of information disclosure, performs the duty of information disclosure in strict accordance with the rules of related laws and regulations, Rules Governing the stock listed on Shenzhen Stock Exchange (2014 Reversion) and "Management System of Information Disclosure", and appoints *Securities Times*, *China Securities Journal*, *Hong Kong Commercial Daily* and Juchao Website (www.cninfo.com.cn) for information disclosure medial; as for the major un-disclosed inside information, exercise strictly confidential procedures and controlling persons with inside information kowned. The Company perform duty in aspect of truthfully, accurately, timely and completely discloses information, ensures all investors obtain the Company's information equally and other legal interest.

8. Investor relations management

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

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

Yes No

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

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

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

1. The business: the Company has an independent and complete business as well as operation ability, with specialized procurement, production, technology, marketing, management, human resources and other departments. We autonomously manage and operate business on our own. While the management staff are

independent from controlling shareholders and their subordinate enterprises. The Company is free from interference by controlling shareholders and other affiliates, and there is no dependence on controlling shareholders and other affiliates.

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

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

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

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

III. Horizontal competition

Applicable Not applicable

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

1. Annual Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
AGM of 2016	AGM	30.73%	2017-5-4	2017-5-5	Juchao Website—(http://www.cninfo.com.cn) “Resolution Notice of Annual General Meeting of 2016” No.: 2017-031
First Extraordinary General Meeting of	Extraordinary General Meeting	30.356%	2017-6-20	2017-6-21	Juchao Website—(http://www.cninfo.com.cn) “Resolution Notice of First extraordinary

2017					general meeting of 2017” No.: 2017-041
Second Extraordinary General Meeting of 2017	Extraordinary General Meeting	31.63%	2017-9-12	2017-9-13	Juchao Website—(http://www.cninfo.com.cn) “Resolution Notice of Second extraordinary general meeting of 2017” No.: 2017-073

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

Applicable Not applicable

V. Responsibility performance of independent directors

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

The attending of independent directors to Board meetings and general meeting							
Independent Director	Times of Board meeting supposed to attend in the report period	Times of present in person	Times of attending by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)	Times for attending the AGM
Gan Shengdao	14	2	12	0	0	N	2
Ren Jia	14	2	12	0	0	N	3
Lu Yingjin	14	2	12	0	0	N	2

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

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

(II) Objection for relevant events from independent directors

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

Yes No

Independent directors has no objections for relevant events in reporting period

(III) Other explanation about responsibility performance of independent directors

Whether the opinions from independent directors have been adopted or not

Yes No

Explanation on recommendations adopted or un-adopted:

During the report period, the independent directors of the 8th session of the Board, Mr. Gan Shengdao, Mr. Ren Jia and Mr. Lu Yingjin, faithfully performed their duties, and prudently, earnestly and diligently exercised their rights as independent directors in strict accordance with “Corporation Law”, “Securities Law”, “Guidance on the Establishment of Independent Director System in Listed Companies” of China Securities Regulatory Commission, “Stock listing Rules”(Revised in 2014) of Shenzhen Stock Exchange, “Articles of Association”, “Independent Director System”, “Annual Report Working System of Independent Director”, and rules of related laws and regulations, not influenced by the major shareholders, actual controllers, or other units and individuals having a stake in the Company, actively attended the general meeting of shareholders and board meeting, made independent opinions on related matters, gave reasonable suggestions to the production and management and the business development of the Company, gave full play to the role as independent directors, and maintained the legitimate rights and interests of shareholders of the Company, especially the medium and small shareholders.

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

2. Positive reinforce capacitate professional. Independent directors actively joined in the training activities for directors, supervisors and senior management held by the supervision organization, studied relevant laws and regulations, deepened their understanding to relevant regulations, especially the regulations involving corporate governance structure and rights protection for shareholders with public shares, so as to strengthen and improve their protective capabilities for the Company and shareholders’ rights and interests, and form the ideology of consciously protecting the shareholders with public shares.

3. Diligently perform their duties. In the process of establishment and disclosure for 2017 annual report, the independent directors, Mr. Gan Shengdao, Mr. Ren Jia and Mr. Lu Yingjin, positively performed their duties, gave full play to their independent roles in the annual reports, carefully listened the management’s report about the annual business condition and development of major events and did necessary field visits, directly met and communicated with the Certified Public Accountants for annual report and internal control auditing in the audit process, and diligently performed their duties as the independent directors

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

Dated	Items	Agree/against	Disclosure index
2017-03-28	Independent opinion on relevant proposal of the 29 th session of 8 th BOD	Agreed	Juchao Website (www.cninfo.com.cn)
2017-04-17	Independent opinion on carrying out forward foreign exchange fund transaction in 1Q of 2017	Agreed	Juchao Website (www.cninfo.com.cn)

2017-06-02	Independent opinion on distribution plan of performance incentive fund for year of 2016	Agreed	Juchao Website (www.cninfo.com.cn)
2017-07-21	Independent opinion on relevant proposal of the 33 rd session of 8 th BOD	Agreed	Juchao Website (www.cninfo.com.cn)
2017-08-09	Independent opinion on relevant proposal of the 34 th session of 8 th BOD	Agreed	Juchao Website (www.cninfo.com.cn)
2017-08-21	Independent opinion on relevant proposal of the 35 th session of 8 th BOD	Agreed	Juchao Website (www.cninfo.com.cn)
2017-09-12	Independent opinion on Appointment of senior executive of the Board	Agreed	Juchao Website (www.cninfo.com.cn)
2017-10-16	Independent opinion on carrying out forward foreign exchange fund transaction in 3Q of 2017	Agreed	Juchao Website (www.cninfo.com.cn)
2017-10-25	Independent opinion on Assignment of deputy chairman of the Company and appointment of CFO	Agreed	Juchao Website (www.cninfo.com.cn)
2017-11-09	Independent opinion on relevant proposal of the 4 th session of 9 th BOD	Agreed	Juchao Website (www.cninfo.com.cn)
2017-11-22	Independent opinion on Assignment of deputy chairman of the Company and appointment of deputy chairman	Agreed	Juchao Website (www.cninfo.com.cn)
2017-12-22	Independent opinion on relevant proposal of the 6 th session of 9 th BOD	Agreed	Juchao Website (www.cninfo.com.cn)

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

(I) Responsibility performance for strategy committee of the Board

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

1. On March 18, 2017, the Strategic Committee convened the 7th meeting of the Strategy Committee of the 8th Board of Directors, deliberated and approved the proposal as development plans for year of 2017, the investment on production base for 2 million washing machine construction and established washing machine joint venture by contribution from the Company and Candy Hoover Group S.r.l.

(1)According to the Company's medium and long term development strategy, the committee members combined

with the macroeconomic situation and industry status and summarized the annual work situation in 2016, discussed and established the Company's business thoughts and business plans in 2017, and further ensured the realization of the Company's medium and long term development strategic targets.

(2) According to the Company's strategic development plan and combined with the Company's business development needs, in order to make up for weakness in research and development, manufacturing capacity of the washing machine industry, it has been agreed that the Company invests not more than 371,210,000 Yuan to build a production base that can produce 2 million sets of automatic washing machines. The completion of this project will promote the development of the Company's washing machine industry, enhance the competitiveness, profitability and future sustainable development momentum of washing machine products, and it fits with the Company's long-term strategic development needs. It has been agreed that the investment matter should be submitted to the board of directors of the Company for deliberation.

(3) According to the Company's development strategy, and in order to expand the market size of Meiling washing machine products and enhance the brand influence of Meiling washing machine products, it has been agreed that the Company and Candy Hoover Group Srl. which has superior resources in research and development, technology, and channels and overseas customers to jointly invest 150 million Yuan to set up Meiling Kadi (China) Washing Machine Co., Ltd. (pre-approved name, and ultimately subject to the name approved by the industrial and commercial bureau) to sell washing machine products, of which the Company invests 90 million Yuan with its own funds, accounting for 60% of the registered capital, Candy Group invests 60 million Yuan with its own funds, accounting for 40% of the registered capital. It has been agreed that the investment matter should be submitted to the board of directors of the Company for deliberation.

2. On July 30, 2017, the strategy committee convened the 8th meeting of the strategy committee of the 8th session of the Board of Directors, which reviewed and approved the "Proposal on the Subsidiary Zhongshan Changhong Electric Appliance Co., Ltd. to Increase Investment in Pakistan Refrigerator Project" and the "Proposal on the Subsidiary Sichuan Changhong Air Conditioner Company to Implement the Removal and Expansion and the Company to Increase Capital in Sichuan Changhong Air Conditioner Company".

(1) According to the overseas development strategy of the Company and the management and development needs of its subsidiaries, Zhongshan Changhong Electric Co., Ltd. (hereinafter referred to as "Zhongshan Changhong"), a subsidiary of the Company, has invested in building the refrigerator projects (production bases and sales, etc.) in Pakistan in 2014. In order to further promote the development of the Company's refrigerator business in Pakistan, improve the product competitiveness, and achieve a rapid increase in local market share, it's agreed that Zhongshan Changhong and its partner UAE RUBA Company jointly add investments in the Pakistan refrigerator project of the joint venture manufacturing company and joint venture sales company established in the previous period by capital increase which should be mainly used for the implementation of refrigerator door foaming and new product development projects. Among them, Zhongshan Changhong increased capital of 815,000 US dollars (equivalent to approximately RMB 5,597,600) this time. It has been agreed that the investment matter should be submitted to the board of directors of the Company for deliberation.

(2) According to the Company's development strategy and the management and development needs of its subsidiary, Sichuan Changhong Air Conditioning Co., Ltd. (hereinafter referred to as "Changhong Air Conditioner"), the plant and office building previously rented from Sichuan Changhong Electric Co., Ltd. can no longer be rented due to the urban planning of Mianyang City, and Changhong Air Conditioner has to move out. Combining the current reforming tendency in the air-conditioning industry, in order to further increase the manufacturing capacity of Changhong Air Conditioner, and enhance the competitiveness and profitability of its products, it's agreed that Changhong Air Conditioner invests 1,090,410,100 Yuan in the implementation of the removal and capacity expansion project at Mianyang economic development zone to build a production base with annual output of 4.2 million sets of air conditioners.

At the same time, considering the current financial condition of Changhong Air Conditioner, in order to promote the smooth implementation of this removal and transformation and upgrading project, it's submitted to the Board of Directors to agree the Company to increase capital of RMB 650 million to Changhong Air Conditioner for this removal and expansion project, and the remaining funds should be raised by Changhong Air Conditioner. After the completion of this capital increase, the registered capital of Changhong Air Conditioner shall be increased from 200 million Yuan to 850 million Yuan, while the Company's shareholding ratio is still 100%. It has been agreed that the investment matter should be submitted to the board of directors of the Company and stockholders' meeting for deliberation.

3. On March 18, 2017, the strategy committee convened the 1st meeting of the strategy committee of the 9th session of the Board of Directors, which reviewed and approved the "Proposal on the Company's 2018 Annual Development Plan" and the "Proposal on the Company's Shareholder Return Planning in the Next Three Years (2018-2020)".

(1) According to the medium and long-term development strategy of the Company, the committee members summarized the Company's overall work of 2017 in light of the macro-environmental situation and industry status, discussed and established the Company's management concept and business plans for the year 2018, and further ensured the achievement for the Company's long-term development strategic goals.

(2) In order to further improve the scientific, sustained and stable shareholder return mechanism, increase the transparency and operability of profit distribution policy and decision-making, and effectively protect the legitimate rights and interests of public investors, according to the "Company Law", the "Notification About the Further Implementation of Cash Dividends for Listed Companies" (ZJF No. [2012] 37) of China Securities Regulatory Commission, the "Supervision Guidelines for Listed Companies No.3- Cash Dividends of Listed Companies (ZJF No. [2013] 43)", the requirements of other relevant laws, regulations, and normative documents, and relevant provisions of the "Articles of Association", and also comprehensively considering the Company's operating financial status and other factors, it agreed the Company to establish "the Company's Shareholder Return Planning in the Next Three Years (2018-2020)". It's agreed to submit this matter to the board of director of the Company for deliberation.

(II) Responsibility performance for audit committee of the Board

Audit committee of the Board performed its functions of supervision and examination to maintain the independence of audition in auditing for year of 2017 according to the requirements of related laws and regulations such as Company Law and *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange* and related requirements of Securities Regulatory Commission and Shenzhen Stock Exchange by abiding of Articles of Incorporation, Implementing Regulations of Audit Committee of Board of the Directors, and Annual Work Rules of Audit Committee, the details are as follows:

1. On 24 January 2017, the “Financial Statement Report for year of 2016 and Arrangement of Internal Control Auditing” and “Un-audited Financial Accounting Statement for year of 2016” were deliberated and approved in 15th session of 8th audit committee of the Board. Found more details in “(II) Responsibility performance for audit committee of the Board” of “VI. Responsibility performance of subordinate special committee of the Board in report period” carried in “Section IX. Corporate Governance” disclosed in Annual Report 2016, released on Juchao Website (www.cninfo.com.cn) dated 30 March 2017.

2. On 3 March 2017, the 16th session of 8th audit committee of the Board deliberated the first draft of Annual Report 2016, after a preliminary audit opinion issued from Shine Wing CPA (LLP). Found more details in “(II) Responsibility performance for audit committee of the Board” of “VI. Responsibility performance of subordinate special committee of the Board in report period” carried in “Section IX. Corporate Governance” disclosed in Annual Report 2016, released on Juchao Website (www.cninfo.com.cn) dated 30 March 2017.

3. On March 18, 2017, the audit committee held the 17th session of the 8th audit committee of the board o which reviewed and approved "The Company's 2016 Annual Audited Financial Reports", "2016 Internal Control Audit Report", "Summary report about the company's 2016 annual audit work taken up by Shine Wing Certified Public Accountants", "Motion on reappointment of the audit institution for 2017 annual financial report and internal controls and its payment" and "Motion on the company to carry out forward foreign exchange transaction business", and agreed to submit the above motions to the board of directors for consideration.

4. On 14 April 2017, the “Financial Statement of 1Q of 2017” was deliberated and approved in 18th session of 8th audit committee of the Board, the un-audited financial statement present a real, accurate and completed financial status and operation results of the Company for 1Q of 2017. The financial statements of 1Q of 2017 agree to submit for approval in the Board.

5. On 30 July 2017, the “Financial Statement of Semi-annual 2017” was deliberated and approved in 19th session of 8th audit committee of the Board, the un-audited financial statement present a real, accurate and completed financial status and operation results of the Company for semi-annual of 2017. The financial statements of semi-annual 2017 agree to submit for approval in the Board.

6. On 14 October 2017, the “Financial Statement of 3Q 2017” was deliberated and approved in 1st session of 9th audit committee of the Board, the un-audited financial statement present a real, accurate and completed financial status and operation results of the Company for 3Q of 2017. The financial statement of 3Q 2017 agree to submit

for approval in the Board.

7. On 30 January 2018, the “Financial Statement Report for year of 2017 and Arrangement of Internal Control Auditing” and “Un-audited Financial Accounting Statement for year of 2017” were deliberated and approved in 2nd session of 9th audit committee of the Board, the un-audited financial statement presented an objectified financial status and operation results for year of 2017 basically.

8. On 8 March 2018, the audit committee held the 3rd session of the 9th audit committee after the Shine Wing Certified Public Account (LLP) issued preliminary audit opinion. Reviewed the auditing draft of financial report for year of 2017, proposed specific opinions; members of audit committee communicated with certified public accountant who was responsible for audition of the company, the certified public accountant who was be responsible for annual audition of the company reported related matters and adjusted matters during the audition to the audit committee, and matters of the company needs to be adjusted have been adjusted according to adjustment opinions of the certified public accountant who was responsible for annual audition. The audit committee read the first draft of audited financial accounting statements for 2017 of the company according to audition condition known from certified public accountant who was responsible for annual audition and production operation condition and financial performances reported by management level of the company, considered that the annual financing accounting statements for 2017 audited preliminarily by the Shine Wing Certified Public Account can truly, correctly and completely reflect the operation condition of the company, and confirmed the preliminary audit opinions of financing accounting statements of the company issued by the Shine Wing Certified Public Account.

9. On 18 March 2018, the 4th session of the 9th audit committee of the Board deliberated and approved the followed 5 proposals as” Audited Financial Statement Report of 2017”, “Auditing Report of Internal Control for year of 2017”, “Summary Report on Auditing Works for year of 2017 from Shine Wing Certified Public Account”, “Auditing Institution for Financial Report of 2018 and Internal Control Auditing Re-engagement and Remuneration Paid”, and “Opening Business of Forward Exchange”, and agreed to submit these auditing institutions to board of the directors of the Company for deliberation.

(III) Responsibility performance for nominations committee of the Board

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

1. On July 19, 2017, the nomination committee held its 4th meeting of the nomination committee of the 8th board of directors, deliberated and approved proposal of qualification auditing for the chairman elected as 8th BOD and proposal of qualification auditing for president of 8th BOD. The committee considered that the qualifications of

the candidate for the Company's chairman to be elected and the candidate for the Company's president to be engaged were in line with the "Company Law", "Articles of Association" and the relevant provisions of the China Securities Regulatory Commission, there were no cases that the China Securities Regulatory Commission determined as market bans or bans have not been lifted, there were no cases that China Securities Regulatory Commission and other relevant departments and the stock exchanges gave punishment, there was no case that the judiciary authorities made investigations due to a suspected crime or the China Securities Regulatory Commission checked because of violating laws and rules, they were neither the persons subject to enforcement nor the responsibility main body, there was no case that a candidate was not allowed to be nominated as the president. The education background, office holding experience, professional competence, and professional qualities of the people to be elected were in line with the job requirements. It's agreed to nominate Mr. Li Wei as the chairman of the 9th session of the board of directors of the Company, and agreed to nominate Mr. Wu Dinggang as the president of the Company, which was submitted to the board of directors for deliberation.

2. On July 30, 2017, the nomination committee held the 5th meeting of the nomination committee of the Eighth Session of the Board of Directors, the meeting reviewed and approved the Proposal on the Election of Non-Independent Directors of the Ninth Session of the Board of Directors of the Company and the Proposal on the Election of Independent Directors of the Ninth Session of the Board of Directors of the Company.

As the term of office of the eighth session of the Board of Directors expired on July 3, 2017, according to the "Company Law", the "Guiding Opinions on Establishing an Independent Director System in Listed Companies" of China Securities Regulatory Commission, "Articles of Association", "Rules of Procedure for Board of Directors", and "Implementation Rules of the Nomination Committee of the Board of Directors" and other relevant provisions, considering the needs of the corporate governance structure of the board of directors, and combined with the actual situation of the Company, it's suggested that the Company's 9th session of the board of directors should consist of 9 directors, including 6 non-independent directors and 3 independent directors.

According to the recommendation letter sent by Sichuan Changhong Electric Co., Ltd., the Company's controlling shareholder, and Hefei Industry Investment Holdings (Group) Co., Ltd., a shareholder alone holding more than 3% of the Company's shares, to the current board of directors, Sichuan Changhong Electric Co., Ltd. recommended Mr. Li Wei, Mr. Wu Dinggang, Mr. Kou Huameng, Mr. Shi Qiang, and Mr. Teng Guangsheng as the candidates for the non-independent directors of the 9th session of the board of directors of the Company; Hefei Industry Investment Holdings (Group) Co., Ltd. recommended Mr. Yong Fengshan as the candidate for the non-independent directors of the 9th session of the board of directors of the Company. After being nominated by the Company's board of directors, Mr. Gan Shengdao, Mr. Ren Jia, and Mr. Lu Yingjin were recommended as the candidates for the independent directors of the Company's 9th session of the board of directors.

The committee considered that the education background, office holding experience, professional competence, and professional qualities of the non-independent director candidates and independent director candidates to be nominated for the Company's 9th session of the Board of Directors were in line with the job requirements, there

was no case that a candidate was not allowed to be nominated as a director, there was no case that China Securities Regulatory Commission and other relevant departments and the stock exchanges gave punishment, there was no case that the judiciary authorities made investigations due to a suspected crime or the China Securities Regulatory Commission checked because of violating laws and rules, they were neither the persons subject to enforcement nor the responsibility main body, and were in line with qualifications required by relevant laws, administrative regulations, departmental rules, normative documents, “stock listing rules” and other relevant regulations of the exchanges, etc. The above-mentioned director candidates have strong professional knowledge and rich experience in related industries, which will help to further improve the corporate governance structure of the Company and help the Company’s long-term business development. It’s agreed to nominate Mr. Li Wei, Mr. Wu Dinggang, Mr. Kou Huameng, Mr. Shi Qiang, Mr. Yong Fengshan and Mr. Teng Guangsheng as candidates for the non-independent directors of the 9th session of the board of directors of the Company. It’s agreed to nominate Mr. Gan Shengdao, Mr. Ren Jia, and Mr. Lu Yingjin as candidates for independent directors of the Company’s 9th session of the board of directors. At the same time, the above board composition, candidates for non-independent directors, and candidates for independent directors were submitted to the board of directors for deliberation.

The qualifications of the Company’s senior executives are in line with the “Company Law”, “Articles of Association” and the relevant provisions of the China Securities Regulatory Commission, there were no cases that the China Securities Regulatory Commission determined as market bans or bans have not been lifted. The education background, office holding experience, professional competence, and professional qualities of the senior executives to be engaged were in line with the job requirements. We agreed to nominate Mr. Wu Dinggang as the Company’s general manager of the Company

3. On September 12, 2017, the nomination committee convened the 1st meeting of the nomination committee of the 9th session of the Board of Directors, the meeting reviewed and approved the “Proposal on the Qualification Examination of the Company’s Board of Directors for Engaging the Senior Executives of the Company”, and considered that the candidates to be engaged by the Ninth Session of the Board of Directors, in accordance with the relevant provisions of the Articles of Association, and nominated by the Company’s president, it was agreed to nominate Mr. Liu Hongwei as a candidate for the Company’s executive vice president, and agreed to nominate Mr. Liao Tao and Mr. Zhong Ming as the candidates for the Company’s vice president, and agreed to nominate Mr. Zhang Xiaolong as a candidate for the Company’s vice president and financial controller, and agreed to nominate Ms. Li Xia as a candidate for the secretary of the Company’s board, which was submitted to the board of directors for deliberation.

4. On October 23, 2017, the nomination committee convened the 2nd meeting of the nomination committee of the 9th session of the Board of Directors, the meeting reviewed and approved the “Proposal on the Qualification Examination of the Company’s Board of Directors for Engaging the Chief Financial Officer of the Company”, and considered that the qualification examination of the Company’s Board of Directors for engaging the chief financial officer of the Company conform to the relevant provisions of the “Company Law,” the China Securities

Regulatory Commission, the Shenzhen Stock Exchange, and the Articles of Association, there were no cases that the China Securities Regulatory Commission determined as market bans or bans have not been lifted. The education background, office holding experience, professional competence, and professional qualities of the vice president and financial controller to be engaged were in line with the job requirements. In accordance with the relevant provisions of the Articles of Association, and nominated by the Company's president, it was agreed to nominate Mr. Pang Haitao as a candidate for the Company's chief financial officer (financial controller) and it was submitted to the board of directors for deliberation.

5. On November 20, 2017, the nomination committee convened the 3rd meeting of the nomination committee of the 9th session of the Board of Directors, the meeting reviewed and approved the "Proposal on the Qualification Examination of the Company's Board of Directors for Engaging the Vice President of the Company", and considered that the qualification examination of the Company's Board of Directors for engaging the vice president of the Company conform to the relevant provisions of the "Company Law," the China Securities Regulatory Commission, the Shenzhen Stock Exchange, and the Articles of Association, there were no cases that the China Securities Regulatory Commission determined as market bans or bans have not been lifted. The education background, office holding experience, professional competence, and professional qualities of the vice president to be engaged were in line with the job requirements. In accordance with the relevant provisions of the Articles of Association, and nominated by the Company's president, it was agreed to nominate Mr. Kou Huameng as a candidate for the Company's vice president and it was submitted to the board of directors for deliberation.

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

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

1. On March 18, 2017, the 4th meeting of the Remuneration and Appraisal Committee of the 8th Board of Directors was convened. The meeting reviewed and approved the "Appraisal and Payment of Remuneration of Directors and Senior Executives in the Year 2016", "accrual of performance incentive fund for year of 2016". See details on " (iv) Performance of duty of the Remuneration and Appraisal Committee of the Board of Directors" in "VI Performance of duty of the special committees of the Board of Directors during the reporting period" in "Section IX Corporate Governance" of the company's "2016 Annual Report" which the company has disclosed at www.cninfo.com.cn on March 30, 2017.

2. On May 31, 2017, the 5th meeting of the Remuneration and Appraisal Committee of the 8th Board of Directors was convened, the meeting has considered and approved the proposal of distribution plan of performance incentive fund for year of 2016, and issued the following comments:

The incentive objects of this performance incentive fund possess the qualifications required by laws, regulations, and regulatory documents such as the “Company Law” and “Articles of Association”, neither have been publicly condemned or declared as inappropriate candidates by the stock exchange in recent three years nor have been given administrative penalty by China Securities Regulatory Commission for violating laws and rules in recent three years, conform to the incentive objects scope stipulated in the “Incentive Program” and the subject qualifications of incentive objects are legal and effective.

It's agreed to determine the performance incentive allocation plan for the current year based on the proposal of “2016 Annual Performance Incentive Fund Allocation Plan (Draft)” of the performance incentive fund management office, i.e. allot 23.63 million Yuan from the withdrawn incentive funds to 39 incentive objects (senior executives, middle management, core technical personnel and core backbone personnel) who meet the provisions of “Incentive Plan” according to the job level, employment period, performance appraisal results, and performance contribution, etc. of the incentive objects in the current year. And then, the incentive objects will use their performance incentive funds (after paying the corresponding income tax) plus no less than 30% of their total annual remuneration (in addition to the performance incentive funds, the total annual remuneration after paying the corresponding income tax and five social insurances and one housing fund) to purchase the Company's stock in open market. It has agreed to submit the “2016 Annual Performance Incentive Fund Allocation Plan of the Company” to the Board of Directors of the Company for consideration.

3. On March 18, 2018, the remuneration and appraisal committee of the Ninth Session of Board of Directors convened the first meeting which reviewed and approved the “Remuneration Assessment and Payment of Directors and Senior Executives of the Company in 2017” and issued the following review opinions:

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

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

VII. Works from Supervisory Committee

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

Yes No

Supervisory committee has no objection about supervision events in reporting period

VIII. Appraisal and incentive to senior management

(I) Evaluation mechanism for senior executives of the Company

The Company formulated “Implementation Rules of Remuneration and Appraisal Committee of the Board”, the remuneration and appraisal committee established 2016 annual compensation and performance management plan for the senior management of the Company in accordance with the main scope, responsibilities, importance of their management positions and the remuneration level of other relevant enterprises and positions; the plan included but not limited to key performance indicator (KPI), performance appraisal standards, procedures and major programs and systems of main appraisal system, reward and punishment; investigated the execution of duty of the senior management and implemented annual performance appraisal to them. After reviewed by the committee, submit to the Board for approval.

At the end of the year, combined with the senior management’s working reports and self-evaluation of 2017, and according to the performance evaluation criteria and procedures, the Compensation and Appraisal Committee has carried out performance appraisal to the senior management’s key performance indication (KPI) in 2017 and other related indicators; proposed the remuneration amount and performance assessment methods for senior management according to the job performance evaluation results and remuneration distribution policy, and reported to the Board of Directors for approval.

(II) Establishment and implementation of performance incentive mechanism

The Company formulated a mid-long term incentive and restraint mechanism, that is “Implementation Plan of Annual Performance Incentive Fund” in 2012, on 9 August 2012 and 28 August 2012, the Plan was deliberated and approved in 16th meeting of 7th session of the Board and 2nd extraordinary general meeting 2012. Details of the aforesaid event can be found in the announcement (No.: 2012-028 and No.: 2012-035) released on appointed media Securities Times, China Securities Journal, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn) dated 10 August 2012 and 29 August 2012. Implementation of the annual performance incentive fund found more in “Implementation of Annual Performance Incentive Fund” of “XV Implementation of the company’s stock incentive plan, employee stock ownership plan or other employee incentives” in “Section V. Important Event” carried in the Report.

IX. Internal Control

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

Yes No

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

(II) Appraisal Report of Internal Control

Date of evaluation report of internal control disclosed (Full-text)	2018-3-30
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Index of evaluation report of internal control disclosed (Full-text)	Juchao website (www.cninfo.com.cn)
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements	98%
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements	95%

Defects Evaluation Standards

Category	Financial Reports	Non-financial Reports
Qualitative criteria	<p>1. Material defect: severally or jointly with other defects, will lead to material wrong reporting in financial reports being not able to prevented or found or rectified in a timely manner. Occurrence of the followings will be deemed as material defect:</p> <ol style="list-style-type: none"> 1. inefficiency of environment control; 2. fraud of directors, supervisors and senior management; 3. The external auditor finds material wrong reporting in current financial statement, while the Company has not found such reporting during its operation; 4. The material defect identified and reported to the management fails to be rectified in a reasonable time period; 5. The audit committee and audit department of the Company exercise invalid supervision upon internal control; 6. Other defects which may affect financial statement users to make correct judgment. <p>2. Major defect: severally or jointly with other defects, will lead to wrong reporting in financial reports being not able to prevented or found or rectified in a timely manner which still needs attention from the management though it doesn't reach or exceed material defect as described above. Occurrence of the followings will be deemed as major defect:</p> <ol style="list-style-type: none"> (1) Financial losses caused by guaranteeing and investing in securities and financial derivatives transactions and disposing property right and stock right without authorization; (2) The company's financial staff or other relevant business personnel have unclear powers and responsibilities or job chaos, or are suspected of being involved in economic or job-related crimes and have been transferred to the judiciary; (3) Punishment or severely negative impacts on the company's image due to the bias implementation of the policy or accounting errors, etc.; (4) Financial losses caused by destroying, concealing, or altering the important original evidences at will, such as invoices and checks, etc. 	<p>Occurrence of the followings shall be deemed as material defect, otherwise as major defect or general defect subject to the level of influence.</p> <ol style="list-style-type: none"> 1. breach of national laws, regulations or regulatory documents; 2. procedure for making significant decisions is not scientific; 3. absence of system may lead to invalid system; 4. Material or major defects are not likely to rectify; 5. Large negative effects on the company and disclosed in the form of announcement; 6. Other issues that materially affect the Company.

	<p>(5) Cash income is not entered into the account book, or public funds are deposited in private account or "private coffer" is established by breaking the rules.</p> <p>3. General defect: other internal control related defects that do not constitute material defects or major defect.</p>	
Quantitative standard	<p>1. Proportion of potential wrong reporting in total operating income: Material defect: wrong reporting $\geq 0.5\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.5\%$; General defect: wrong reporting $< 0.1\%$.</p> <p>2. Proportion of potential wrong reporting in total profit: Material defect: wrong reporting $\geq 10\%$; Major defect: $5\% \leq$ wrong reporting $< 10\%$; General defect: wrong reporting $< 5\%$.</p> <p>3. Proportion of potential wrong reporting in total assets: Material defect: wrong reporting $\geq 0.5\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.5\%$; General defect: wrong reporting $< 0.1\%$.</p> <p>4. Proportion of potential wrong reporting in total owners' equity: Material defect: wrong reporting $\geq 0.5\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.5\%$; General defect: wrong reporting $< 0.1\%$.</p>	<p>1. Proportion of direct property loss in total operating income: Material defect: wrong reporting $\geq 0.1\%$; Major defect: $0.05\% \leq$ wrong reporting $< 0.1\%$; General defect: wrong reporting $< 0.05\%$.</p> <p>2. Proportion of direct property loss in total profit: Material defect: wrong reporting $\geq 10\%$; Major defect: $5\% \leq$ wrong reporting $< 10\%$; General defect: wrong reporting $< 5\%$.</p> <p>3. Proportion of direct property loss in total assets: Material defect: wrong reporting $\geq 0.2\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.2\%$; General defect: wrong reporting $< 0.1\%$.</p> <p>4. Proportion of direct property loss in total owners' equity: Material defect: wrong reporting $\geq 0.2\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.2\%$; General defect: wrong reporting $< 0.1\%$.</p>
Amount of significant defects in financial reports		0
Amount of significant defects in non-financial reports		0
Amount of important defects in financial reports		0
Amount of important defects in non-financial reports		0

X. Auditing report of internal control

Applicable Not applicable

Deliberation section of auditing report of IC

We consider that: in all major aspects, Hefei Meiling Co., Ltd. has efficiency in financial report of internal control dated 31 December 2017 according to Basic Standards of Internal Control for Enterprise and relevant regulations.	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2018-3-30
Index of audit report of internal control (full-text)	Juchao Website: (ww.cninfo.com.cn)
Opinion type of auditing report of IC	Standard unqualified
whether the non-financial report had major defects	No

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

Yes No

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

Yes No

Section X. Corporate Bond

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

Yes No

Section XI. Financial Report

I. Audit Report

Type of audit opinion	Standard unqualified auditor's report
Date of audit report signing	2018-3-28
Audit authority	Shine Wing Certified Public Accountants (LLP)
Auditing file No.	XYZH/2018CDA40038
CPA's name	Li Xifu, Xia Cuiqiong

Auditors' Report

XYZH/2018CDA40038

To the Shareholders of Hefei Meiling Co., Ltd.:

I. Auditing opinions

We have audited the financial statement under the name of Hefei Meiling Co., Ltd. (hereinafter referred to as Hefei Meiling Company), including the consolidated and parent Company's balance sheet of 31 December 2017 and profit statement, and cash flow statement, and statement on changes of shareholders' equity for the year ended, and notes to the financial statements for the year ended.

In our opinion, the Company's financial statements have been prepared in accordance with the Enterprises Accounting Standards and Enterprises Accounting System, and they fairly present the financial status of the Company and of its parent company as of 31 December 2017 and its operation results and cash flows for the year ended.

II. Basis of opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of the auditor's report. We are independent of the Company in accordance with the Certified Public Accountants of China's Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key audit matters

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

1. Recognition of revenue	
Please refer to note (iv) 25 and note (vi) 45.	
Key audit matters	Audit address
Sales revenue of the Company was mainly sourced from sales of refrigerator, air conditioner and washing machines to both domestic and overseas customers. As indicated in note (vi)45 of the financial statement - Operating income and cost, the operating income was RMB16,797,436,757.36 in 2017. Since the truthfulness and completeness of revenue recognition has material impact on operating results, we attached great importance to recognition of sales revenue.	<p>The main auditing procedures related to revenue recognition include:</p> <ol style="list-style-type: none"> 1) Understand and test the internal control of sales and collection cycle, and evaluate the effectiveness of internal control design and operation; 2) Implement substantive procedures, check important sales contracts, documents corresponding to sales invoices, receipts, and system-confirmed goods delivery information, and check whether meet the revenue recognition conditions and whether the revenue recognition time are correct. 3) Implement external confirmations procedures and execute alternative procedures for projects with unusual response letter; 4) Check the payment collection of receivables for customers, check whether the unit of account receivables is consistent with the name of the customer unit, whether there is any third party payment collection, and check the authenticity of payment collection and income; 5) Check the after date payment collection; 6) Take cut-off test and analytical review to the incomes.
2. Capitalization of development expense	
Please refer to note (iv) 19 and note (vi) 18.	
Key audit matters	Audit address
The development expense occurred for research and development of non-patent technology in 2017 was RMB116,704,686.42, which was capitalized and accounted for as development expense in the consolidated financial statement. Development expense could only be capitalized upon satisfaction of all the capitalization conditions set out in note (iv)19 to the financial statement. Since to confirm	<ol style="list-style-type: none"> 1. Understand key controls for capitalization of development expenditures and implement internal control audit procedures: 1) Understand the scope and accounting methods of development expenditures; 2) Understand the related control systems and procedures of research and development, and test the effectiveness of relevant internal control design and operation ; 2. Execute substantive procedures: Compare the developed projects in intangible assets with the external sales models, and review the authenticity of the capitalization of the development projects that have been developed;

<p>whether all the capitalization conditions are met requires the management to make significant judgment and estimate, we deem this matter important in the context of our audit.</p>	<p>3. Dual-purpose test: Check the project approval report and project acceptance report formed during the research and development process, and determine whether the basis for development and expenditure accounting treatment is appropriate.</p>
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IV. Other information

The management of Hefei Meiling Co., Ltd. (the “Management”) is responsible for other information which includes the information covered in the Company’s 2017 annual report excluding the financial statement and our audit report.

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

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

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

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

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

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

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

VI. Responsibilities of the auditor for the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free

from material misstatement, whether due to fraud or error, and to issue an audit report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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

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

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

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

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

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

identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard measures.

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

Shine Wing Certified Public Accountants (LLP) Chinese CPA: (engagement partner) Li xi fu
Chinese CPA: Xia cui qiong

Beijing China

28th March 2018

II. Financial Statement

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated balance sheet

Prepared by Hefei Meiling Co., Ltd.

2017-12-31

In RMB

Item	Ending balance	Opening balance
Current assets:		
Monetary funds	5,283,081,788.04	4,058,869,234.63
Settlement provisions		
Capital lent		
Financial assets measured by fair value and with variation reckoned into current gains/losses	15,646,731.48	12,060,213.30
Derivative financial liability		
Notes receivable	2,074,648,484.36	1,421,429,723.73
Account receivable	1,780,416,509.02	1,118,960,552.49
Accounts paid in advance	200,106,216.59	134,706,488.38
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable	4,692,303.18	2,645,494.32
Dividend receivable		
Other account receivable	64,358,959.73	39,553,919.44
Purchase restituted finance asset		
Inventories	2,918,100,650.27	1,974,526,734.86
Assets held for sale		
Non-current asset due within one year	44,497,902.00	12,625,340.00
Other current assets	801,894,930.97	1,454,346,297.42
Total current assets	13,187,444,475.64	10,229,723,998.57
Non-current assets:		
Loans and payments on behalf		
Finance asset available for sales	31,000,000.00	17,000,000.00

Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment	90,534,671.92	81,643,631.37
Investment property	9,569,711.72	13,275,631.40
Fixed assets	1,439,427,226.50	1,204,093,169.72
Construction in progress	174,857,717.15	107,037,409.95
Engineering material		
Disposal of fixed asset	75,875,517.11	75,788,138.47
Productive biological asset		
Oil and gas asset		
Intangible assets	772,853,622.41	613,969,271.63
Expense on Research and Development	85,624,078.79	45,023,750.60
Goodwill		
Long-term expenses to be apportioned	3,635,861.94	1,132,075.48
Deferred income tax asset	90,689,083.63	84,264,603.65
Other non-current asset		34,615,630.00
Total non-current asset	2,774,067,491.17	2,277,843,312.27
Total assets	15,961,511,966.81	12,507,567,310.84
Current liabilities:		
Short-term loans	1,631,206,000.00	288,343,724.73
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Financial liability measured by fair value and with variation reckoned into current gains/losses	16,034,000.00	559,249.58
Derivative financial liability		
Notes payable	4,006,765,857.99	2,635,051,740.30
Account receivable	2,869,886,049.19	2,331,899,310.82
Accounts received in advance	438,386,810.72	390,935,440.46
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	184,819,166.86	189,592,039.00
Taxes payable	61,292,671.72	59,849,032.13
Interest payable	6,441,508.68	1,617,352.01

Dividend payable	2,890,364.80	2,545,801.23
Other account payable	834,285,636.00	622,580,323.43
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Liability held for sale		
Non-current liabilities due within 1 year	46,454,376.68	272,202,590.10
Other current liabilities		
Total current liabilities	10,098,462,442.64	6,795,176,603.79
Non-current liabilities:		
Long-term loans	253,160,000.00	38,908,788.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable	10,953,687.53	
Long-term wages payable	24,645,421.94	29,696,403.85
Special accounts payable	1,530,000.00	1,400,000.00
Projected liabilities	313,013,878.20	331,575,430.79
Deferred income	102,569,955.39	142,919,562.49
Deferred income tax liabilities		1,809,032.00
Other non-current liabilities		
Total non-current liabilities	705,872,943.06	546,309,217.13
Total liabilities	10,804,335,385.70	7,341,485,820.92
Owner's equity:		
Share capital	1,044,597,881.00	1,044,597,881.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	2,684,806,344.07	2,687,961,060.65
Less: Inventory shares		
Other comprehensive income	-7,262,322.02	3,474,546.95
Reasonable reserve		
Surplus public reserve	391,029,420.33	391,029,420.33

Provision of general risk		
Retained profit	937,894,771.93	968,097,382.98
Total owner's equity attributable to parent company	5,051,066,095.31	5,095,160,291.91
Minority interests	106,110,485.80	70,921,198.01
Total owner's equity	5,157,176,581.11	5,166,081,489.92
Total liabilities and owner's equity	15,961,511,966.81	12,507,567,310.84

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

2. Balance Sheet of Parent Company

Prepared by Hefei Meiling Co., Ltd.

In RMB

Item	Ending balance	Opening balance
Current assets:		
Monetary funds	3,411,454,144.54	3,071,362,771.31
Financial assets measured by fair value and with variation reckoned into current gains/losses	14,077,531.48	12,060,213.30
Derivative financial liability		
Notes receivable	1,748,615,925.92	1,053,598,721.93
Account receivable	1,372,870,968.26	1,006,701,894.37
Account paid in advance	162,232,742.46	106,947,474.25
Interest receivable		
Dividends receivable		
Other account receivable	39,849,732.36	26,742,423.95
Inventories	1,028,423,929.21	1,017,090,374.81
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	615,877,268.44	1,427,283,451.40
Total current assets	8,393,402,242.67	7,721,787,325.32
Non-current assets:		
Available-for-sale financial assets	31,000,000.00	17,000,000.00
Held-to-maturity investments		

Long-term receivables		
Long-term equity investments	1,705,007,815.84	992,282,289.21
Investment property	7,960,789.08	11,332,015.32
Fixed assets	933,149,895.50	861,163,999.99
Construction in progress	67,205,463.02	19,478,121.20
Project materials		
Disposal of fixed assets	43,582,333.35	43,494,954.71
Productive biological assets		
Oil and natural gas assets		
Intangible assets	457,534,626.06	430,435,091.82
Research and development costs	23,782,085.92	12,797,092.26
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	76,015,591.58	69,138,686.26
Other non-current assets		
Total non-current assets	3,345,238,600.35	2,457,122,250.77
Total assets	11,738,640,843.02	10,178,909,576.09
Current liabilities:		
Short-term borrowings	1,186,026,000.00	261,843,724.73
Financial liability measured by fair value and with variation reckoned into current gains/losses	16,034,000.00	
Derivative financial liability		
Notes payable	2,001,732,195.76	1,734,774,950.13
Account receivable	1,674,129,819.20	1,521,019,717.86
Accounts received in advance	53,558,493.11	104,205,506.34
Wage payable	33,060,896.41	57,714,577.87
Taxes payable	16,641,410.98	25,677,906.64
Interest payable	3,999,358.60	1,617,352.01
Dividend payable	2,890,364.80	2,545,801.23
Other account payable	1,013,257,972.75	634,561,307.52
Liability held for sale		

Non-current liabilities due within 1 year	7,715,255.20	257,750,238.18
Other current liabilities		
Total current liabilities	6,009,045,766.81	4,601,711,082.51
Non-current liabilities:		
Long-term loans	253,160,000.00	4,751,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable	24,645,421.94	29,696,403.85
Special accounts payable		
Accrual liabilities	313,013,878.20	331,575,430.79
Deferred income	56,906,985.04	64,601,290.18
Deferred income tax liabilities		1,809,032.00
Other non-current liabilities		
Total non-current liabilities	647,726,285.18	432,433,156.82
Total liabilities	6,656,772,051.99	5,034,144,239.33
Owners' equity:		
Share capita	1,044,597,881.00	1,044,597,881.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	2,753,017,007.10	2,753,017,007.10
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus reserve	390,811,254.65	390,811,254.65
Retained profit	893,442,648.28	956,339,194.01
Total owner's equity	5,081,868,791.03	5,144,765,336.76
Total liabilities and owner's equity	11,738,640,843.02	10,178,909,576.09

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

3. Consolidated Profit Statement

Prepared by Hefei Meiling Co., Ltd.

In RMB

Item	Current period	Last period
I. Total operating income	16,797,436,757.36	12,526,710,867.49
Including: Operating income	16,797,436,757.36	12,526,710,867.49
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	16,900,689,559.48	12,355,268,931.56
Including: Operating cost	13,802,673,137.30	10,028,393,422.32
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	149,482,479.91	137,857,822.93
Sales expenses	2,434,337,059.85	1,855,396,448.81
Administration expenses	496,931,743.04	472,146,980.73
Financial expenses	-33,648,833.18	-139,879,189.92
Losses of devaluation of asset	50,913,972.56	1,353,446.69
Add: Changing income of fair value(Loss is listed with “-”)	-11,888,232.24	11,500,963.72
Investment income (Loss is listed with “-”)	102,766,412.15	14,302,482.67
Including: Investment income on affiliated company and joint venture	-2,625,710.04	-1,724,205.46
Exchange income (Loss is listed with “-”)		
Income from assets disposal (Loss is listed with “-”)	-8,206,289.88	-1,255,433.98
Other income	71,747,005.11	0.00
III. Operating profit (Loss is listed with “-”)	51,166,093.02	195,989,948.34

Add: Non-operating income	5,671,791.04	53,762,108.99
Less: Non-operating expense	222,977.82	538,507.26
IV. Total Profit (Loss is listed with “-”)	56,614,906.24	249,213,550.07
Less: Income tax expense	20,520,373.53	29,044,015.72
V. Net profit (Net loss is listed with “-”)	36,094,532.71	220,169,534.35
(i) net profit from continuous operation (Net loss is listed with “-”)	36,094,532.71	220,169,534.35
(ii) net profit from discontinued operation (Net loss is listed with “-”)		
Net profit attributable to owner’s of parent company	32,473,204.92	220,216,680.96
Minority shareholders’ gains and losses	3,621,327.79	-47,146.61
VI. Net after-tax of other comprehensive income	-14,082,920.83	7,798,783.78
Net after-tax of other comprehensive income attributable to owners of parent company	-10,736,868.97	5,755,047.56
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	-10,736,868.97	5,755,047.56
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements	-10,736,868.97	5,755,047.56
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders	-3,346,051.86	2,043,736.22

VII. Total comprehensive income	22,011,611.88	227,968,318.13
Total comprehensive income attributable to owners of parent Company	21,736,335.95	225,971,728.52
Total comprehensive income attributable to minority shareholders	275,275.93	1,996,589.61
VIII. Earnings per share:		
(i) Basic earnings per share	0.0311	0.2717
(ii) Diluted earnings per share	0.0311	0.2717

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

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

4. Profit Statement of Parent Company

Prepared by Hefei Meiling Co., Ltd.

In RMB

Item	Current period	Last period
I. Operation income	8,517,669,513.46	7,446,086,755.52
Less: Operating cost	7,638,749,033.68	6,433,627,521.78
Tax and extras	68,182,464.42	73,861,322.33
Sales expenses	709,359,125.82	688,401,472.30
Administration expenses	209,439,736.74	208,401,227.95
Financial expenses	-17,337,616.73	-98,934,716.78
Losses of devaluation of asset	1,260,709.01	2,102,466.99
Add: Changing income of fair value(Loss is listed with “-”)	-14,016,681.82	12,060,213.30
Investment income (Loss is listed with “-”)	59,581,326.89	83,282,277.41
Including: Investment income on affiliated company and joint venture	2,649,526.63	3,156,876.73
Income from assets disposal (Loss is listed with “-”)	8,023,508.61	-2,170,704.78
Other income	24,681,144.75	
II. Operating profit (Loss is listed with “-”)	-13,714,641.05	231,799,246.88
Add: Non-operating income	2,670,109.81	29,006,141.73
Less: Non-operating expense	5,994.20	94,199.57

III. Total Profit (Loss is listed with “-”)	-11,050,525.44	260,711,189.04
Less: Income tax expense	-10,829,795.68	21,086,927.51
IV. Net profit (Net loss is listed with “-”)	-220,729.76	239,624,261.53
(i) net profit from continuous operation (Net loss is listed with “-”)	-220,729.76	239,624,261.53
(ii) net profit from discontinued operation (Net loss is listed with “-”)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
VI. Total comprehensive income	-220,729.76	239,624,261.53
VII. Earnings per share:		
(i) Basic earnings per share	-0.0002	0.2956
(ii) Diluted earnings per share	-0.0002	0.2956

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

5. Consolidated Cash Flow Statement

Prepared by Hefei Meiling Co., Ltd.

In RMB

Item	Current period	Last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	14,387,433,715.06	11,699,243,669.11
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received	481,226,085.12	335,919,734.52
Other cash received concerning operating activities	72,232,660.48	59,658,793.72
Subtotal of cash inflow arising from operating activities	14,940,892,460.66	12,094,822,197.35
Cash paid for purchasing commodities and receiving labor service	12,822,457,926.13	8,789,463,121.16
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	1,412,237,721.51	1,223,290,043.44
Taxes paid	529,295,201.24	449,049,753.97
Other cash paid concerning operating activities	728,403,606.52	647,628,383.15

Subtotal of cash outflow arising from operating activities	15,492,394,455.40	11,109,431,301.72
Net cash flows arising from operating activities	-551,501,994.74	985,390,895.63
II. Cash flows arising from investing activities:		
Cash received from recovering investment	5,185,762,362.50	500,000,000.00
Cash received from investment income	99,388,295.58	9,533,550.19
Net cash received from disposal of fixed, intangible and other long-term assets	16,382,561.67	28,393,920.60
Net cash received from disposal of subsidiaries and other units		23,314,758.79
Other cash received concerning investing activities	150,058,101.10	133,141,780.06
Subtotal of cash inflow from investing activities	5,451,591,320.85	694,384,009.64
Cash paid for purchasing fixed, intangible and other long-term assets	536,726,917.60	134,749,360.71
Cash paid for investment	4,389,654,061.22	1,490,783,872.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	34,559,606.18	4,027,616.05
Subtotal of cash outflow from investing activities	4,960,940,585.00	1,629,560,848.76
Net cash flows arising from investing activities	490,650,735.85	-935,176,839.12
III. Cash flows arising from financing activities		
Cash received from absorbing investment	33,078,316.00	1,570,791,736.49
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	33,078,316.00	28,791,737.65
Cash received from loans	2,847,116,546.03	1,613,844,864.58
Cash received from issuing bonds		
Other cash received concerning financing activities		3,451.80
Subtotal of cash inflow from financing activities	2,880,194,862.03	3,184,640,052.87
Cash paid for settling debts	1,568,796,275.10	1,351,232,591.45
Cash paid for dividend and profit distributing or interest paying	104,008,477.82	67,342,850.57
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	755,161.84	324,871.81
Subtotal of cash outflow from financing activities	1,673,559,914.76	1,418,900,313.83
Net cash flows arising from financing activities	1,206,634,947.27	1,765,739,739.04

IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-42,116,337.75	48,983,386.20
V. Net increase of cash and cash equivalents	1,103,667,350.63	1,864,937,181.75
Add: Balance of cash and cash equivalents at the period -begin	3,986,098,419.76	2,121,161,238.01
VI. Balance of cash and cash equivalents at the period -end	5,089,765,770.39	3,986,098,419.76

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

6. Cash Flow Statement of Parent Company

Prepared by Hefei Meiling Co., Ltd.

In RMB

Item	Current period	Last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	7,050,861,082.17	6,286,987,522.89
Write-back of tax received	277,612,425.00	194,271,770.99
Other cash received concerning operating activities	36,403,787.40	28,856,943.31
Subtotal of cash inflow arising from operating activities	7,364,877,294.57	6,510,116,237.19
Cash paid for purchasing commodities and receiving labor service	7,234,343,960.87	5,059,846,568.26
Cash paid to/for staff and workers	537,308,223.27	499,890,356.04
Taxes paid	141,241,809.02	131,211,995.78
Other cash paid concerning operating activities	241,365,806.44	308,996,738.10
Subtotal of cash outflow arising from operating activities	8,154,259,799.60	5,999,945,658.18
Net cash flows arising from operating activities	-789,382,505.03	510,170,579.01
II. Cash flows arising from investing activities:		
Cash received from recovering investment	4,535,200,000.00	511,480,198.00
Cash received from investment income	86,311,303.39	84,794,863.59
Net cash received from disposal of fixed, intangible and other long-term assets	13,587,847.40	1,919,834.50
Net cash received from disposal of subsidiaries and other units		5,798,619.62
Other cash received concerning investing activities	122,984,125.03	117,071,741.57
Subtotal of cash inflow from investing activities	4,758,083,275.82	721,065,257.28

Cash paid for purchasing fixed, intangible and other long-term assets	273,777,654.00	65,695,722.77
Cash paid for investment	4,474,076,391.20	1,546,450,000.00
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities	29,844,135.92	70,692,821.70
Subtotal of cash outflow from investing activities	4,777,698,181.12	1,682,838,544.47
Net cash flows arising from investing activities	-19,614,905.30	-961,773,287.19
III. Cash flows arising from financing activities		
Cash received from absorbing investment		1,541,999,998.84
Cash received from loans	2,362,551,446.03	1,583,917,936.22
Cash received from issuing bonds		
Other cash received concerning financing activities	520,583,765.55	162,688,163.19
Subtotal of cash inflow from financing activities	2,883,135,211.58	3,288,606,098.25
Cash paid for settling debts	1,483,860,614.21	1,323,059,487.45
Cash paid for dividend and profit distributing or interest paying	101,663,528.19	65,467,602.28
Other cash paid concerning financing activities	118,049,145.68	78,461,124.88
Subtotal of cash outflow from financing activities	1,703,573,288.08	1,466,988,214.61
Net cash flows arising from financing activities	1,179,561,923.50	1,821,617,883.64
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-28,206,473.71	43,156,715.34
V. Net increase of cash and cash equivalents	342,358,039.46	1,413,171,890.80
Add: Balance of cash and cash equivalents at the period -begin	3,067,671,385.08	1,654,499,494.28
VI. Balance of cash and cash equivalents at the period -end	3,410,029,424.54	3,067,671,385.08

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

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

Prepared by Hefei Meiling Co., Ltd.

Current period

In RMB

Item	Current period												
	Owners' equity attributable to parent company											Minority interests	Total owners' equity
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit		
	Preferr ed stock	Perpetual capital securities	Other										
I. Balance at the end of the last year	1,044,597,881.00				2,687,961,060.65		3,474,546.95		391,029,420.33		968,097,382.98	70,921,198.01	5,166,081,489.92
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combined under the same control													
Other													
II. Balance at the beginning of this year	1,044,597,881.00				2,687,961,060.65		3,474,546.95		391,029,420.33		968,097,382.98	70,921,198.01	5,166,081,489.92
III. Increase/ Decrease in this year (Decrease is listed with "-")					-3,154,716.58		-10,736,868.97				-30,202,611.05	35,189,287.79	-8,904,908.81

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

Last period

In RMB

Item	Last period												
	Owners' equity attributable to parent company										Minority interests	Total owners' equity	
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk			Retained profit
Preferred stock		Perpetual capital securities	Other										
I. Balance at the end of the last year	763,739,205.00				1,529,183,876.13		-2,280,500.61		367,066,994.18		817,667,480.44	36,291,435.86	3,511,668,491.00
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combined under the same control													
Other													
II. Balance at the beginning of this year	763,739,205.00				1,529,183,876.13		-2,280,500.61		367,066,994.18		817,667,480.44	36,291,435.86	3,511,668,491.00

III. Increase/ Decrease in this year (Decrease is listed with “-”)	280,858,676.00				1,158,777,184.52		5,755,047.56		23,962,426.15		150,429,902.54	34,629,762.15	1,654,412,998.92
(i) Total comprehensive income							5,755,047.56				220,216,680.96	1,996,589.61	227,968,318.13
(ii) Owners’ devoted and decreased capital	280,858,676.00				1,158,777,184.52							32,984,351.87	1,472,620,212.39
1.Common shares invested by shareholders	280,858,676.00				1,259,874,046.76							27,867,909.83	1,568,600,632.59
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													
4 Other					-101,096,862.24							5,116,442.04	-95,980,420.20
(III) Profit distribution									23,962,426.15		-69,786,778.42	-351,179.33	-46,175,531.60
1. Withdrawal of surplus reserves									23,962,426.15		-23,962,426.15		
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)											-45,824,352.27	-351,179.33	-46,175,531.60
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. Other													
(V) Reasonable reserve													

1. Withdrawal in the report period													
2. Usage in the report period													
(VI)Others													
IV. Balance at the end of the report period	1,044,597,881.00				2,687,961,060.65		3,474,546.95		391,029,420.33		968,097,382.98	70,921,198.01	5,166,081,489.92

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

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

Prepared by Hefei Meiling Co., Ltd.

Current period

In RMB

Item	Current period										
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Total owners' equity
		Preferred stock	Perpetual capital securities	Other							
I. Balance at the end of the last year	1,044,597,881.00				2,753,017,007.10				390,811,254.65	956,339,194.01	5,144,765,336.76
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	1,044,597,881.00				2,753,017,007.10				390,811,254.65	956,339,194.01	5,144,765,336.76
III. Increase/ Decrease in this year (Decrease is listed with "-")										-62,896,545.73	-62,896,545.73

(i) Total comprehensive income											-220,729.76	-220,729.76	
(ii) Owners' devoted and decreased capital													
1.Common shares invested by shareholders													
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													
4. Other													
(III) Profit distribution											-62,675,815.97	-62,675,815.97	
1. Withdrawal of surplus reserves													
2. Distribution for owners (or shareholders)											-62,675,815.97	-62,675,815.97	
3. Other													
(IV) Carrying forward internal owners' equity													
1. Capital reserves converted to capital (share capital)													
2. Surplus reserves converted to capital (share capital)													
3. Remedying loss with surplus reserve													
4. Other													
(V) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(VI)Others													
IV. Balance at the end of the report period	1,044,597,881.00					2,753,017,007.10					390,811,254.65	893,442,648.28	5,081,868,791.03

Last period

In RMB

Item	Last period										
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Total owners' equity
		Preferred stock	Perpetual capital securities	Other							
I. Balance at the end of the last year	763,739,205.00				1,497,987,446.59				366,848,828.50	786,501,710.90	3,415,077,190.99
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	763,739,205.00				1,497,987,446.59				366,848,828.50	786,501,710.90	3,415,077,190.99
III. Increase/ Decrease in this year (Decrease is listed with “-”)	280,858,676.00				1,255,029,560.51				23,962,426.15	169,837,483.11	1,729,688,145.77
(i) Total comprehensive income										239,624,261.53	239,624,261.53
(ii) Owners' devoted and decreased capital	280,858,676.00				1,259,877,498.56						1,540,736,174.56
1.Common shares invested by shareholders	280,858,676.00				1,259,874,046.76						1,540,732,722.76
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other					3,451.80						3,451.80
(III) Profit distribution									23,962,426.15	-69,786,778.42	-45,824,352.27
1. Withdrawal of surplus reserves									23,962,426.15	-23,962,426.15	
2. Distribution for owners (or shareholders)										-45,824,352.27	-45,824,352.27
3. Other											
(IV) Carrying forward internal owners' equity											

1. Capital reserves converted to capital (share capital)											
2. Surplus reserves converted to capital (share capital)											
3. Remedying loss with surplus reserve											
4. Other											
(V) Reasonable reserve											
1. Withdrawal in the report period											
2. Usage in the report period											
(VI)Others					-4,847,938.05						-4,847,938.05
IV. Balance at the end of the report period	1,044,597,881.0				2,753,017,007.10				390,811,254.65	956,339,194.01	5,144,765,336.76
	0										

Legal Representative: Li Wei

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Luo Bo

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

I. Company profile

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

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

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

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

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

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

2008, “Reply of Transfer Freely of Part of the Shares of Hefei Meiling Co., Ltd. held by State-owned shareholders”[GZCQ(2008) No. 1412] issued by SASAC agrees the above said share transferring.

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

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

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

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

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

Ended as 31 December 2017, total share capital of the Company amounting to 1,044,597,881 shares with ordinary shares in full. Among which, 881,733,881 shares of A-share accounting 84.41% in total shares while B-share with 162,864,000 shares accounting 15.59% in total shares. Detail share capital as:

Type of stock	Quantity	Proportion
(I)Restricted shares	80,858,588	7.74%
1. State-owned shares		
2. State-owned legal person's shares	70,793,625	6.78%
3. Other domestic shares	8,797,543	0.84%
Including: Domestic legal person's shares	4,716,077	0.45%
Domestic natural person's shares	4,081,466	0.39%
4. Foreign shares	1,267,420	0.12%
(II)Unrestricted shares	963,739,293	92.26%
1. RMB Ordinary shares	802,142,713	76.79%
2. Domestically listed foreign shares	161,596,580	15.47%
3. Overseas listed foreign shares		
4. Others		
Total shares	1,044,597,881	100.00%

The Company belongs to the manufacture of light industry, and engaged in the production and sale of refrigerator, freezer and air-conditioner. Unified social credit code of the Company: 9134000014918555XK; Address: No.2163, Lianhua Road, Economy and Technology Development Zone, Hefei City; Legal Representative: Li Wei; register capital (paid-in capital): RMB 10,445,978,810,000; type of company: limited liability company(joint venture and listed of Taiwan, Hong Kong and Macau) Business Scope: R&D, manufacture and sales of cooling apparatus, air-conditioner, washing machine, water heater, kitchenware, home decoration, bathroom, lamps & lanterns, household & similar appliance, injection plastic machine of computer controlling, plastic products, metalwork, packaging products and decorations as well as the installation and technical consultant services. Business of self-produced products, technology export and import-export of the raw&auxiliary materials, machinery equipment, instrument and technology; department sales and transportation

II. Scope of consolidated financial statement

The Company's consolidated financial statement included 53 subsidiaries including Sichuan Changhong Air Conditioner Co., Ltd, Zhongshan Changhong Home Appliances Company Limited and Zhongke Meiling Cryogenic Technology Co., Ltd, etc. As compared to previous year, subsidiary Meiling Candy Washing Machine Co., Ltd., Hongyuan Ground Energy Heat Pump Technology (Zhongshan) Co., Ltd., Guangzhou Changhong Trading Co., Ltd., Zhongshan Hongyou Electric Co., Ltd., Zhongshan Hongling Trading Co., Ltd. and Hebei Hongmao Household Appliance Technology Co., Ltd were newly included due to direct investment in this year; subsidiary Xi'an Meizlai Appliances Marketing Co., Ltd., Mianyang Meiling Appliances Marketing Co., Ltd., Lanzhou Meizlai Appliances Marketing Co., Ltd., Hohhot Xiangyou Appliances Marketing Co., Ltd., Hefei Meiling White Household Appliances Co., Ltd. and Urumchi Meiling

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Appliances Marketing Co., Ltd were excluded due to liquidation;

More detail can be seen in “VII. Changes of consolidated scope” and “VIII. Rights and interest in other subjects” in the Note.

III. Basis for preparation of financial statement

1. Basis for preparation

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

2. Continuous operation

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

IV. Significant Accounting Policy, Accounting Estimation

1. Statement on observation of accounting standards for enterprise

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

2. Accounting period

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

3. Operation cycle

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

4. Standard currency for accounting

The Company takes RMB as the standard currency for accounting.

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

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

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that capital reserve is insufficient to offset, the Company would adjust retained earnings.

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

6. Measures on Preparation of Consolidated Financial Statements

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

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

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

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

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

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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 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

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period when control is lost, meanwhile to offset goodwill. Other comprehensive income related to equity interest investment in original subsidiaries is transferred into current investment gains and losses upon lost of control.

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

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

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

8. Cash and cash equivalents

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

9. Foreign currency business and foreign currency financial statement conversion

(1) Foreign currency business

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

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

10. Financial assets and financial liabilities

(1) Financial assets

1) Classification of financial assets

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

Financial assets at fair value through profit or loss include trading financial assets and financial assets designated at air value through profit or loss at initial recognition. Financial asset is classified as held for trading if one of the following conditions is satisfied: It has been acquired principally for the purpose of selling in the near term; or on initial recognition it is a part of a portfolio of identifiable financial instruments that the group manages together and there is objective evidence that the group recently manages the portfolio through the approach of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured. A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognizing the gains or losses on them on different bases; or the financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; hybrid instruments which contain one or more embedded derivatives, unless the embedded derivatives does not have a substantial effect on the cash flows of the hybrid instruments, or the embedded derivatives obviously should not be separated from the relevant hybrid instruments; hybrid instruments that have to be separated but cannot be individually measured after it has been obtained or the balance sheet date afterwards. Such kind of financial assets designated by the Company mainly includes forward exchange settlement business. The Group applies subsequent measurement based on fair value in respect of such kind of financial assets.

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Changes in fair values is included in gains or loss from change of fair value; interests or cash dividends obtained during the period of holding assets, shall be recognized as investment income; difference between the fair value and the amount initially recorded of the assets shall be recognized as investment gains or losses on disposal of the assets, and the profit or loss from changes of fair value will be adjusted at the same time.

Held-to-maturity investment represents the non-derivative financial assets which has fixed maturity day, fixed or available-for-confirmation recovered amount and for which the management has definite intention and ability to hold till maturity. Held-to-maturity investment adopts effective interest rate method for follow-up measurement according to the amortized cost, the gains or losses from amortization or depreciation and de-recognition will reckon into current gains/losses.

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

Available-for-sale financial assets refer to the non-derivative financial assets that are designated as available for sale at initial recognition, and the financial assets that are not classified as other types. Among this type of assets, the equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, and the derivative financial assets that are linked to the equity instruments and must be settled through the delivery of the equity instruments are subsequently measured at cost; others that have the active market quotes or don't have the active market quotes but of which the fair value can be reliably measured should be measured at fair value, and the changes in fair value are included in other comprehensive income. With regard to such financial assets using fair value for follow-up measurement, except for the impairment losses and the exchange gains and losses arising from foreign currency monetary financial assets, the changes in fair value of available-for-sale financial assets are directly reckoned in the shareholders' equity, the accumulative amount of changes in fair value that originally included directly in equity is transferred to the current profits and losses until the derecognition of the financial assets. The interests of available-for-sale debt instrument investments calculated by effective interest method during the holding period and the cash dividends relevant to available-for-sale equity instrument investments issued by Invested unit are included in the current profits and losses as investment income. The equity instrument investments that have no quotes in an active market and whose fair value cannot be reliably measured are measured at cost.

2) Recognition basis and measure method for transfer of financial assets

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

If the enterprise has neither transferred or kept almost all risks and remunerations of financial assets

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ownership, nor given up controlling the financial assets, then confirm the relevant financial assets according to how it continues to involve into the transferred financial assets and confirm the relevant liabilities accordingly.

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

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

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

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

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

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

(2) Financial liability

1) Classification, recognition basis and measurement

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

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Financial liabilities which are measured by fair value and whose change is recorded into prevailing gains and losses include tradable financial liabilities and financial liabilities which are measured by fair value and whose change is recorded into prevailing gains and losses at the initial recognition day. Follow-up measurements are made by fair value. Recorded into prevailing gains and losses are the gains or losses formed through fair value change and dividend and interest expenditure regarding to the financial liabilities. As for other financial liabilities, effective interest rate method is adopted and follow-up measurement is made according to amortized cost.

2) Condition of the de-recognition of financial liability

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

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

Fair values of financial assets and financial liabilities of the Company are measured at the prices in principal market. In case there is no principal market, fair values of financial assets and financial liabilities are calculated using the price which is the most beneficial to the market, and using valuation technology which is the most appropriate at that time and with sufficient available data and other information. The inputs which are used to measure the fair value have been divided into 3 levels by the Company: Level 1-inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities. Level 2-inputs are quoted prices for the asset or liability (other than those included in Level 1) that are either directly or indirectly observable. Level 3-inputs are unobservable inputs to the related assets or liabilities. The Level 1 inputs are the first priority to use by the Group, and level 3 inputs will be the last one to use. The level to which the results of measurement of fair value belong is subject to the lowest level to which the inputs having great significance to the measurement of fair value as whole belong.

11. Bad debt provision for accounts receivable

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

The following situation as standards for confirmation of bad debt losses of accounts receivable: revoke, bankruptcy, insolvency, serious insufficiency of cash flow of its debit units, or the debit units have to stop production due to serious natural disaster and are not able to settle the debts or in predicted time, or other

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definite evidence showing that the debt is not available to call back or the possibility of calling back is tiny.

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

(1) Account receivable with single significant amount:

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

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

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

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

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

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

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

12. Inventories

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

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

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

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

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

1) Refrigerator, freezer and washing machine

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

2) Air-conditioner

Location level	Withdrawal proportion for obsolete provision
Repair	50%

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Awaiting repair	70%
Store return	70%
De-stocking	70%
Overstock	100%

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

13. Long-term equity investment

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

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

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

The Company adopts cost method for investment in subsidiaries, makes calculation for investments in 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

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recognizable assets of the invested unit as at the date of obtaining of the investment, after offset of gains and losses arising from internal transactions with associates and joint-ventures, and finally to make confirmation after adjustment of net profit of the invested unit. Confirmation on gains and losses from the long-term equity investment in associates and joint-ventures held by the Company prior to the first execution day, could only stand up with the precedent condition that debit balance of equity investment straightly amortized according to its original remaining term has already been deducted, if the aforementioned balance relating to the investment do exist.

In case that investor loses joint control or significant influence over investee due to disposal of part equity interest investment, the remaining equity interest shall be calculated according to Enterprise Accounting Principles No.22-Recognition and Measurement of Financial Instrument. Difference between the fair value of the remaining equity interest as of the date when lose of joint control or significant influence and the carrying value is included in current gains and losses. Other comprehensive income recognized in respect of the original equity interest investment under equity method should be treated according to the same basis which the investee adopts to directly dispose the relevant assets or liabilities when ceasing adoption of equity method calculation; and also switches to cost method for calculating the long-term equity investments which entitles the Company to have conduct control over the invested units due to its additional investments; and switches to equity method for calculating the long-term equity investments which entitles the Company to conduct common control or significant influence, while no control over the invested units due to its additional investments, or the long-term equity investments which entitles the Company with no control over the invested units any longer while with common control or significant influence.

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

14. Investment real estate

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

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

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

When investment real estate turns to be used by holders, it shall switch to fixed assets or intangible assets commencing from the date of such turning. And when self-used real estate turns to be leased out for rental or

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additional capital, the fixed assets or intangible assets shall switch to investment real estate commencing from the date of such turning. In situation of switch, the carrying value before the switch shall be deemed as the credit value after the switch.

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

15. Fixed assets

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

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

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

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

No.	Type	Depreciation term	Predicted rate of salvage value	Depreciation rate per annum
1	House and buildings	30-40 years	4%-5%	2.375%-3.20%
2	Machinery equipment	10-14 years	4%-5%	6.786%-9.60%

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No.	Type	Depreciation term	Predicted rate of salvage value	Depreciation rate per annum
3	Transport equipment	5-12 years	4%-5%	7.92%-19.20%
4	Other equipments	8-12 years	4%-5%	7.92%-12.00%

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

16. Construction in process

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

17. Borrowing expense

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

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

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

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

18. Intangible assets

The Company holds intangible assets including land use right, trademark, patent technology and non-patent technology. Intangible assets are measured according to the effective costs paid for obtaining the assets. For

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

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

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

19. Research and development

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

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

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

20. Impairment of non-financial long-term assets

As at each balance sheet date, the Company has inspection on long-term equity investment, fixed assets, construction in process and intangible assets with limited service life. When the following indications appear, assets may be impaired, and the Company would have impairment test. As for goodwill and intangible assets

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which have uncertain service life, no matter there is impairment or not, impairment test shall be conducted at the end of every year. If it is hard to make test on recoverable amount of single asset, test is expected to make on the basis of the assets group or assets group portfolio where such asset belongs to.

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

Indications for impairment are as follows:

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

21. Goodwill

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

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

22. Long-term deferred expenses

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

23. Staff remuneration

Employee benefits mainly include all kinds of remuneration incurred in exchange for services rendered by

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employees or compensation to the termination of employment relationship such as short-term wages, post-employment benefits, compensation for the termination of employment relationship and other long-term employee welfare.

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

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

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

24. Estimated liabilities

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

25. Principle of recognition of revenue and measurement method

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

(1) Revenue from the sale of goods shall be recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow into the Company; The export business is recognized when the packing list is received; and the associated

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costs incurred or to be incurred can be measured reliably. Air-conditioner OEM/ODM will recognize revenue while notes issued after commodity transferring to the shipping space that appointed by the client.

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

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

26. Government grant

Government grant is recognized when the Company fulfils the conditions attached to them and there is reasonable assurance that the grant will be received. The government grant, other than fiscal subsidy, received by the Company shall be accounted on an aggregate basis. In particular, the government grants relating to ordinary activities would be included in other income; the government grants not relating to ordinary activities would be included in non-operating income.

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

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

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

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

Government grant relating to income refers to the government grant other than that relating to assets.

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Government grant relating to income shall be recognized as deferred income if the grant is used to compensate the Company's expenses or losses for subsequent periods, and shall be accounted in profit or loss for the period during the period in which the relevant expense is recognized. Those grants relating to our ordinary activities are recorded in other income in the period in which the relevant expenses or losses are recognized. Those grants not relating to our ordinary activities are recorded in non-operating income in the period in which the relevant expenses or losses are recognized. Government grants used to compensate the relevant costs or losses incurred by the Company and relating to our ordinary activities shall be accounted in other income directly upon receipt of the grant, and accounted in non-operating income directly upon receipt if it is not related to our ordinary activities.

With respect to government grant comprising both portions relating to assets and income, it shall be accounted separately based on different portions, and it shall be aggregated as that relating to income if it is difficult to distinguish the two portions.

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

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

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

27. Deferred Income Tax Assets and Deferred Income Tax Liabilities

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

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

28. Lease

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

The financial lease is the lease in which all risks and returns related to the ownership of assets are transferred

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

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

29. Held-for-sale

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

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

(3)In case of loss of control over the subsidiaries due to the sales of investment in subsidiaries, no matter whether the Company retains part of the equity investment after selling investment in subsidiaries, the investment in subsidiaries shall be classified as held for sale on an aggregate basis in the separate financial statements of the parent company when the investment in subsidiaries proposed to

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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 assets (other than goodwill) in the disposal group.

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

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

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

30. Discontinued operation

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

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31. Income tax accounting

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

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

32. Segment information

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

33. Explanation on significant accounting estimation

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

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

(1) Inventory impairment provision

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

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

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

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shall be calculated with accounting estimation.

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

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

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

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

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

(5) Projected liabilities arising from product quality guarantee

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

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

34. Other comprehensive income

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

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

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

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and which can not be reclassified into gains and losses in future accounting periods;

(2) Other comprehensive income items that will be reclassified into gains and losses in future accounting periods upon satisfaction of required conditions, mainly including interest in investee's other comprehensive income which are measured under equity method and which will be reclassified into gains and losses in future accounting periods upon satisfaction of required conditions, gains or losses arising from change of fair value of available-for-sale financial assets, gains or losses arising from reclassification of held-to-maturity investment into available-for-sale financial assets, gains or losses occurred by cash flow hedging instruments attributable to effective hedge, foreign currency financial statement translation difference, etc.

35. Change of significant accounting policies and accounting estimates

(1) Change of significant accounting policies

Change of major accounting policy for revision or promulgation on Accounting Rules from Ministry of Finance:

Content and reasons of change	Approval procedures	Note
On 28 April 2017, Ministry of Finance promulgates the "Accounting Standards for Business Enterprise No.42- the current assets held for sales, disposal groups and discontinued operation". In preparation of the financial statement for year of 2017, the Company implemented relevant accounting rules and	7 th session of 9 th BOD	Prospective application
On 10 May 2017, the Ministry of Finance revised the "Accounting Standards for Business Enterprises No. 16—Government Subsidies", when establishing the 2017 annual financial statements, the Company implemented the relevant accounting standards and processed them in accordance with the relevant convergence rules.	7 th session of 9 th BOD	Prospective application
On 25 December 2017, the Ministry of Finance promulgated the "Notification on Revising, Printing and Distributing the Financial Statements Format for General Enterprises" (CK No. (2017) 30), when establishing the 2017 annual financial statements, the Company implemented the relevant accounting standards and processed them in accordance with the relevant convergence rules.	7 th session of 9 th BOD	Note

Note: In preparing the 2017 financial statements, the Company executed the Notice from the Ministry of Finance relating to Amendment and Printing of the General Business Financial Statement Form (CK[2017]No.30), pursuant to which, the gains and losses from disposal of non-current assets and gains and losses from exchange of non-monetary assets are accounted as "gains from assets disposal" instead of accounted as "non-operating income" and "non-operating expense" as in previous periods. This change of accounting policy has been dealt with under retrospective adjustment method. In detail, non-operating income, non-operating expense and gains from assets disposal of RMB 4,155,568.27, RMB 5,411,002.25 and

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RMB 1,255,433.98 are adjusted down for 2016.

(2) Change of significant accounting estimates

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

V. Taxation

1. Major taxes (expenses) and tax rates

Tax(expenses)	Tax base	Tax rate
VAT	Income from sales of goods and from processing	17%, 13%, 11%, 6%, 5%
Urban maintenance and construction tax	Turnover tax	5% or 7%
Education surcharge	Turnover tax	3%
Local education surcharge	Turnover tax	2%
Corporate income tax	Taxable income	15% or 25%
House Property Tax	Original Book value of house property×(1-30%)or annual rent income	1.2% or 12%
Land use tax	Actual land area used	2.5 元/M ² 至 15 元/M ²

2. Preferential tax and approval documents

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

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

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

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

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expired

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

Subsidiary Guangdong Changhong Ridian Technology Co., Ltd. pass the identification as high & new tech. enterprise through Guangdong Science & Technology Department on 9 December 2016, and it enjoys the 15% tax preference for income tax in the year.

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

With respect to the financial statements figures disclosed below, unless otherwise specified, “year-beginning” refers to Jan. 1, 2017; “year-end” refers to Dec. 31, 2017; “the year” refers to Jan. 1 to Dec. 31, 2017; “the last year” refers to Jan. 1 to Dec. 31, 2016; the currency is RMB.

1. Monetary fund

Item	Ending balance	Opening balance
Cash	43,454.93	94,415.53
Bank deposit	4,600,242,944.53	3,827,367,022.13
Other Monetary fund	682,795,388.58	231,407,796.97
Total	5,283,081,788.04	4,058,869,234.63
Including: total amount deposited in overseas	16,015,873.59	19,067,202.50

Other monetary fund:

Item	Ending amount
Deposits	660,634,774.42
Account of foreign currency for verification	14,542,778.22
Union Pay online	6,138,924.01
Taobao account	1,478,911.93
Total	682,795,388.58

Deposit which serves as non cash and cash equivalents refers to the banking acceptance draft deposit with a term of over three months, amounting to RMB 131,048,925.45, forward margin amounting to RMB 62,016,092.20. China Union Pay, Taobao account and Ten Pay are all third party payment platforms. Except for the deposit of RMB 251,000.00, utilization of other balance is not subject to any restriction.

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

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time for reviewing foreign exchange, balance of the reviewing accounts is not limited on utilization.

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

Item	Ending balance	Opening balance
Derivative financial assets	15,646,731.48	12,060,213.30

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

3. Notes receivable

(1) Category of notes receivable

Item	Ending balance	Opening balance
Bank acceptance	1,865,540,158.79	1,096,452,069.60
Commercial acceptance bill	209,108,325.57	324,977,654.13
Total	2,074,648,484.36	1,421,429,723.73

(2) Notes receivable mortgaged by end of the year

Item	Amount mortgaged by end of the year
Bank acceptance	821,910,267.36

Note: in order to improve the utilization rate of notes, the Company pledged to banks those notes that haven't expired yet in exchange for issuance of banking acceptance drafts.

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

Item	Termination confirmation amount at year-end	No termination confirmation amount at year-end
Bank acceptance	3,062,765,800.34	
Commercial acceptance bill	41,497,915.00	
Total	3,104,263,715.34	

(4) Notes transfer to account receivable due to the failure implementation from drawer at year-end: Nil

4. Accounts receivable

(1) Account receivable by category

Category	Ending amount				Book value
	Book balance		Bad debt provision		
	Amount	Percentage	Amount	Percentage	
Account receivable with single significant amount and withdrawal single item bad debt provision					
Account receivable withdrawal bad debt provision by combination					

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Combination 1	1,099,760,720.22	59.49%	56,934,296.29	5.18%	1,042,826,423.93
Combination 2	720,513,272.25	38.97%		0.00%	720,513,272.25
Subtotal of combination	1,820,273,992.47	98.46%	56,934,296.29	3.13%	1,763,339,696.18
Account receivable with single minor amount but withdrawal single item bad debt provision	28,425,106.80	1.54%	11,348,293.96	39.92%	17,076,812.84
Total	1,848,699,099.27	100.00%	68,282,590.25	3.69%	1,780,416,509.02

(Continued)

Category	Opening amount				Book value
	Book balance		Bad debt provision		
	Amount	Percentage	Amount	Percentage	
Account receivable with single significant amount and withdrawal single item bad debt provision					
Account receivable withdrawal bad debt provision by combination					
Combination 1	834,543,507.58	71.22%	43,843,529.45	5.25%	790,699,978.13
Combination 2	323,321,432.79	27.59%		0.00%	323,321,432.79
Subtotal of combination	1,157,864,940.37	98.81%	43,843,529.45	3.79%	1,114,021,410.92
Account receivable with single minor amount but withdrawal single item bad debt provision	13,898,468.17	1.19%	8,959,326.60	64.46%	4,939,141.57
Total	1,171,763,408.54	100.00%	52,802,856.05	4.51%	1,118,960,552.49

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

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

Account age	Ending balance		
	Account receivable	Bad debt provision	Provision proportion
Within 1 year	1,091,369,749.60	54,568,487.48	5.00%
1-2 years	4,235,742.41	635,361.36	15.00%
2-3 years	3,281,201.72	1,148,420.60	35.00%
3-4 years	603,810.31	332,095.67	55.00%
4-5 years	135,233.34	114,948.34	85.00%
Over 5 years	134,982.84	134,982.84	100.00%
Total	1,099,760,720.22	56,934,296.29	

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

Combination	Book balance
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Combination	Book balance
Account connect with related parties	446,231,575.88
Account receivable already insured	192,795,928.00
Letter of Credit	81,485,768.37
Total	720,513,272.25

4) Account receivable with single minor amount but withdrawal bad debt provision singly, refers to the minor single receivables, and withdrawal bad debt provision by combination shows no risk characteristic of the receivables, 16 clients involved.

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

Bad debt reserve written off this year was RMB 15,932,686.83, and the bad debt reserve reversed this year was RMB 452,952.63. No trade receivables written-off in previous year was recovered this year.

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

(4) In the Year, top five receivables collected by arrears party amounting to RMB 1,000,795,387.12 in total, accounted for 54.14% of the receivables at balance of the year-end, the bad debt provision accrual correspondingly amounting to RMB 30,862,447.31 at year-end balance.

5. Accounts paid in advance

(1) Age of account paid in advance

Item	Ending amount		Opening amount	
	Amount	Percentage	Amount	Percentage
Within 1 year	191,934,459.26	95.92%	131,113,656.82	97.33%
1-2 years	5,283,741.30	2.64%	2,983,725.64	2.22%
2-3 years	2,377,113.61	1.19%	487,258.38	0.36%
Over 3 years	510,902.42	0.25%	121,847.54	0.09%
Total	200,106,216.59	100.00%	134,706,488.38	100.00%

(2) Top 5 of account paid in advance in balance at year-end amounting to RMB 130,636,234.80, accounted for 65.28% of the account.

6. Interest receivable

Item	Ending balance	Opening balance
Deposit interest receivable	4,692,303.18	2,645,494.32

7. Other accounts receivable

(1) Category of other account receivable

Category	Ending amount				Bookvalue
	Book balance		Bad debt provision		
	Amount	Percentage	Amount	Percentage	

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Category	Ending amount				Book value
	Book balance		Bad debt provision		
	Amount	Percentage	Amount	Percentage	
Other account receivable with single significant amount and withdrawal single item bad debt provision					
Other account receivable withdrawal bad debt provision by combination					
Combination 1	15,360,536.87	22.77%	2,839,700.68	18.49%	12,520,836.19
Combination 2	51,838,123.54	76.83%			51,838,123.54
Subtotal of combination	67,198,660.41	99.60%	2,839,700.68	4.23%	64,358,959.73
Other account receivable with single minor amount but withdrawal single item bad debt provision	267,932.63	0.40%	267,932.63	100.00%	
Total	67,466,593.04	100.00%	3,107,633.31	4.61%	64,358,959.73

(Continued)

Category	Opening amount				Book value
	Book balance		Bad debt provision		
	Amount	Percentage	Amount	Percentage	
Other account receivable with single significant amount and withdrawal single item bad debt provision					
Other account receivable withdrawal bad debt provision by combination					
Combination 1	8,798,418.31	20.99%	2,091,596.95	23.77%	6,706,821.36
Combination 2	32,347,098.08	77.18%			32,347,098.08
Subtotal of combination	41,145,516.39	98.17%	2,091,596.95	5.08%	39,053,919.44
Other account receivable with single minor amount but withdrawal single item bad debt provision	767,932.63	1.83%	267,932.63	34.89%	500,000.00
Total	41,913,449.02	100.00%	2,359,529.58	5.63%	39,553,919.44

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

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

Book Age	Ending balance		
	Account receivable	Bad debt provision	Provision proportion
Within 1 year	10,167,433.54	508,371.68	5.00%
1-2 years	2,261,395.08	339,209.26	15.00%
2-3 years	1,269,746.17	444,411.16	35.00%
3-4 years	107,230.00	58,976.50	55.00%
4-5 years	440,000.00	374,000.00	85.00%
Over 5 years	1,114,732.08	1,114,732.08	100.00%

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Book Age	Ending balance		
	Account receivable	Bad debt provision	Provision proportion
Total	15,360,536.87	2,839,700.68	

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

Combination	Book balance
Contact with related party	657,720.80
Employee's reserve loans	15,747,553.42
Export rebate	35,017,055.24
Pre-paid charge of the employee	415,794.08
Total	51,838,123.54

4) The other account receivable with major amount at year-end and accrual for bad debt provision single refers to the receivable amount of 267,932.63 Yuan from Guangdong Xiongfeng Electric Co., Ltd.,

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

Bad debt provision accrual in the year amounted as 748,103.73 Yuan

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

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

Nature	Book balance at year-end	Book balance at year-begin
Export rebate	35,017,055.24	159,982.87
Employee's reserve loans	15,747,553.42	18,784,317.17
Deposit	13,548,566.97	8,062,507.62
Other	2,079,902.53	622,747.83
Related party not in consolidation statement	657,720.80	12,870,014.08
Advance money temporary	415,794.08	1,413,879.45
Total	67,466,593.04	41,913,449.02

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

Name	Nature of account	Ending balance	Bookage	Proportion in total other receivables at year-end	Bad Balance at year-end of debt provision
SAT of Hefei Economic & Technological Development Zone	Export rebates	26,321,642.84	Within 1 year	39.01%	
Nantou bureau of Zhongshan SAT	Export rebates	8,556,795.27	Within 1 year	12.68%	
Office of the Beijing Pinggu District New Socialist Countryside Construction	Guarantee money	3,500,000.00	0-2 years	5.19%	225,000.00
Nanjing Xingliang Logistic Co., Ltd.	Cash deposit	930,000.00	Within 1 year	1.38%	46,500.00
Zhongshan Yuehai Electric Co., Ltd.	Cash deposit	812,984.00	1-2 years	1.21%	121,947.60

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Name	Nature of account	Ending balance	Bookage	Proportion in total other receivables at year-end	Bad Balance at year-end of debt provision
Total		40,121,422.11		59.47%	393,447.60

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

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

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

8. Inventories

(1) Classification of inventories

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

(Continued)

Item	Opening amount		
	Book balance	Impairment provision	Book value
Raw materials	239,470,144.24	2,133,956.27	237,336,187.97
Stock commodities	1,477,211,122.85	71,224,130.62	1,405,986,992.23
Low value consumable articles	11,908,736.75		11,908,736.75
Goods in transit	245,587,568.44	2,700,789.83	242,886,778.61
Goods-in-process	31,950,329.21		31,950,329.21
Deferred expense for moulds	44,457,710.09		44,457,710.09
Total	2,050,585,611.58	76,058,876.72	1,974,526,734.86

(2) Inventory falling price reserves

Item	Opening amount	Increase during the year	Decrease during the year		Ending amount
			Switch-back	Other switch-out	
Raw materials	2,133,956.27	2,104,501.74			4,238,458.01
Stock commodities	71,224,130.62	30,867,597.86		2,523,473.37	99,568,255.11

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Item	Opening amount	Increase during the year	Decrease during the year		Ending amount
			Switch-back	Other switch-out	
Goods in transit	2,700,789.83	373,315.05		185,394.12	2,888,710.76
Low-value consumption goods		300,940.36			300,940.36
Total	76,058,876.72	33,646,355.01		2,708,867.49	106,996,364.24

(3) Provision for inventories

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

9. Non current assets due within one year

Item	Ending balance	Opening balance	Nature
Time deposits due within one year	44,497,902.00	12,625,340.00	Reclassification of time deposit

Note: This project is the three-year term fixed deposit that the subsidiary Zhongshan Changhong has deposited at Guangdong Development Bank Zhongshan Branch for getting the bank's long-term loan. The deposit amount is US \$ 6,810,000.00 dollars, equivalent to RMB 44,497,902.00 Yuan will expire in 2018 and reclassify to this project.

10. Other current assets

Item	Ending balance	Opening balance	Nature
Financial products	620,000,000.00	1,385,200,000.00	Bank financial products
Value-added tax to be deducted	166,730,091.15	56,525,274.99	Reclassify of value-added tax to be deducted
Advance payment of income tax	15,071,202.22	12,357,316.25	Reclassify of advance payment of income tax
Finance lease un-recognized	93,637.60		Finance lease un-recognized
Advance payment of taxes and surcharges		263,706.18	Re-classify the prepaid construction tax and education surcharge
Total	801,894,930.97	1,454,346,297.42	

11. Finance asset available for sales

(1) Finance asset available for sales

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Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Equity instrument available for sales	31,000,000.00		31,000,000.00	17,000,000.00		17,000,000.00
Including: measured by cost	31,000,000.00		31,000,000.00	17,000,000.00		17,000,000.00
Total	31,000,000.00		31,000,000.00	17,000,000.00		17,000,000.00

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

Invested unit	Year-begin	Increase during the year	Decrease during the year	Year-end	Holding proportion in invested unit	Cash dividend for the year
Huishang Bank Co., Ltd.	5,000,000.00			5,000,000.00	0.0972%	654,991.95
Sichuan Hongyun New it Investment Fund	12,000,000.00	14,000,000.00		26,000,000.00	16.00%	
Hefei Wanmei Property Co., Ltd.		9,900,000.00	9,900,000.00		99.00%	
Total	17,000,000.00	23,900,000.00	9,900,000.00	31,000,000.00		654,991.95

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

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12. Long-term equity investment

Invested unit	Opening balance	Change in the year								Ending balance	Impairment reserve balance at year-end
		Additional investment	Disinvestment	Investment profit and loss confirmed by equity method	Other comprehensive income adjustment	Other changes of equity	Declaration of cash dividends or profits	Provision for impairment	Other		
Associated companies											
1.ChanghongRuba Electric Company(Private)Ltd. ^{注1}	29,314,674.36	3,001,649.02		-627,501.96	-3,758,186.48					27,930,634.94	
2.Hefei Xingmei Assets Management Co., Ltd.	12,394,800.39			-1,697,818.35						10,696,982.04	
3.Sichuan Zhiyijia Network Technology Co., Ltd. ^{注2}	9,380,373.67			1,315,197.31						10,695,570.98	
4.Hongyuan Ground Energy Heat Technology Co., Ltd. ^{注3}	22,771,065.45			-1,626,092.36						21,144,973.09	
5. Sichuan Tianyou Guigu Technology Co., Ltd. ^{注4}	7,782,717.50			666,148.01						8,448,865.51	
6. Chengdu Tianyou Guigu Environmental Tech. Co., Ltd. ^{注5}		12,500,000.00		-882,354.64						11,617,645.36	
Total	81,643,631.37	15,501,649.02		-2,852,421.99	-3,758,186.48					90,534,671.92	

Note 1: Zhongshan Changhong, a subsidiary of the Company, entered into a supplemental joint venture agreement with RUMA Comprehensive Trading Company in 2017, pursuant to which, both parties agreed to increase capital contribution of USD1,130,191.00, among which, Zhongshan Changhong subscribed to contribute USD452,076.00 (equivalent to RMB3,001,649.02 on the actual contribution date) according to the original shareholding proportion of 40% and RUMA Comprehensive Trading Company subscribed to contribute USD678,115.00 according to the original shareholding proportion of 60%.

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

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Note 3: our subsidiary Sichuan Changhong Air Conditioner Co., Ltd (“Changhong Air Conditioner”) and Hengyouyuan Technology Development Group Co., Ltd. (“Hengyouyuan”) cooperated to establish Hongyuan Ground Energy Heat Technology Co., Ltd. on 28 October 2015. The registered capital of the company is RMB50 million, among which, Changhong Air Conditioner contributed RMB24.5 million, accounting for 49% of the registered capital, and Hengyouyuan contributed RMB25.5 million, accounting for 51% of the registered capital.

Note 4: Sichuan Tianyou Guigu Technology Co., Ltd. was incorporated on 31 March 2015 with registered capital of RMB100 million. Our subsidiary Changhong Air Conditioner made capital contribution of RMB 25 million in cash, accounting for 25% of the registered capital. Chengdu Jiaodao Property Development Company made capital contribution of RMB 20 million, accounting for 20% of the registered capital. Chengdu Southwest Jiaotong University Industry (Group) Co., Ltd made capital contribution of RMB 20 million, accounting for 20% of the registered capital. Mianyang Investment Holding (Group) Co., Ltd made capital contribution of RMB 5 million, accounting for 5% of the registered capital. Shanghai Zhongcheng Xindaya Financial Information Service Co., Ltd made capital contribution of RMB 5 million, accounting for 5% of the registered capital. Jiangsu Runye Investment Co., Ltd made capital contribution of RMB 10 million, accounting for 10% of the registered capital. Chengdu Dongyu Shangmao Co., Ltd made capital contribution of RMB 15 million, accounting for 15% of the registered capital. In 2016, shareholders meeting of Sichuan Tianyou Guigu Technology Co., Ltd. agreed to reduce the 50 million Yuan capital, the shareholders are reducing the capital by ratio of share-holding. After capital reduction, subsidiary Changhong Air conditioner contributed 12.5 million Yuan, representing 25% of the registered capital.

Note 5: Chengdu Tianyou Guigu Environmental Tech. Co., Ltd. was incorporated on 31 March 2015 with registered capital of RMB40 million. Our subsidiary Changhong Air Conditioner made capital contribution of RMB 10 million, accounting for 25% of the registered capital. Chengdu Jiaodao Property Development Company made capital contribution of RMB 8 million, accounting for 20% of the registered capital. Chengdu Southwest Jiaotong University Industry (Group) Co., Ltd made capital contribution of RMB 8 million, accounting for 20% of the registered capital. Mianyang Investment Holding (Group) Co., Ltd made capital contribution of RMB 2 million, accounting for 5% of the registered capital. Shanghai Zhongcheng Xindaya Financial Information Service Co., Ltd made capital contribution of RMB 2 million, accounting for 5% of the registered capital. Sichuan Shuye Jiachen Property Development Company made capital contribution of RMB 4 million, accounting for 10% of the registered capital. Chengdu Dongyu Shangmao Co., Ltd made capital contribution of RMB 6 million, accounting for 15% of the registered capital.

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

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13. Investment properties

(1) Investment properties measured at costs

Item	House and buildings	Land use rights	Total
I. Original book value			
1. Opening balance	23,142,172.83	916,691.38	24,058,864.21
2. Increase during the year			
3. Decrease during the year	5,511,485.56		5,511,485.56
(1) Disposal	5,511,485.56		5,511,485.56
4. Ending balance	17,630,687.27	916,691.38	18,547,378.65
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	10,328,434.76	454,798.05	10,783,232.81
2. Increase during the year	770,213.55	38,368.56	808,582.11
(1) provision or amortization	770,213.55	38,368.56	808,582.11
3. Decrease during the year	2,614,147.99		2,614,147.99
(1) Disposal	2,614,147.99		2,614,147.99
4. Ending balance	8,484,500.32	493,166.61	8,977,666.93
III. Provision for impairment			
IV. Book value			
1. Book value at year-end	9,146,186.95	423,524.77	9,569,711.72
2. Book value at year-begin	12,813,738.07	461,893.33	13,275,631.40

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

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

(4) No investment real estate having not completed the property right certificate at year-end

14. Fixed assets

(1) Details of fixed assets

Item	House and buildings	Machinery equipment	Transport equipment	Others equipment	Total
I. Original book value					
1. Opening balance	904,218,907.77	985,418,849.90	24,269,870.93	173,600,487.55	2,087,508,116.15
2. Increase during the year	200,167,660.82	156,673,654.03	4,884,761.65	31,887,169.90	393,613,246.40
(1) Purchase	103,309,466.42	25,372,127.00	4,509,593.02	19,550,064.98	152,741,251.42
(2) Construction in progress transfer-in	96,858,194.40	131,301,527.03	375,168.63	12,337,104.92	240,871,994.98
3. Decrease during the year	12,376,159.57	60,521,795.82	1,810,398.58	24,138,764.72	98,847,118.69
(1) dispose or retirement	12,376,159.57	59,859,030.40	1,338,615.53	24,138,764.72	97,712,570.22
(2) Construction in progress transfer-in		428,165.42			428,165.42
(3) other decrease		234,600.00	471,783.05		706,383.05
4. Ending balance	1,092,010,409.02	1,081,570,708.11	27,344,234.00	181,348,892.73	2,382,274,243.86

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Item	House and buildings	Machinery equipment	Transport equipment	Others equipment	Total
II Accumulated depreciation					
1. Opening balance	181,544,269.20	605,064,394.99	15,989,039.94	79,008,738.98	881,606,443.11
2. Increase during the year	31,048,292.43	86,048,184.97	1,602,298.46	15,345,013.92	134,043,789.78
(1) provision	31,048,292.43	86,048,184.97	1,602,298.46	15,345,013.92	134,043,789.78
3. Decrease during the year	4,083,536.15	50,414,934.96	1,265,814.68	19,227,921.21	74,992,207.00
(1) dispose or retirement	4,083,536.15	50,111,868.29	1,265,814.68	19,227,921.21	74,689,140.33
(2) Construction in progress transfer-in		295,748.70			295,748.70
(3) other decrease		731,797			731,797
4. Ending balance	208,509,025.48	640,697,645.00	16,325,523.72	75,125,831.69	940,658,025.89
III Provision for impairment					
1. Opening balance		1,601,411.95	7,403.67	199,687.70	1,808,503.32
2. Increase during the year		383,209.19			383,209.19
3. Decrease during the year		2,721.04			2,721.04
(1) dispose or retirement		2,721.04			2,721.04
4. Ending balance		1,981,900.10	7,403.67	199,687.70	2,188,991.47
IV. Book value					
1. Book value at year-end	883,501,383.54	438,891,163.01	11,011,306.61	106,023,373.34	1,439,427,226.50
2. Book value at year-begin	722,674,638.57	378,753,042.96	8,273,427.32	94,392,060.87	1,204,093,169.72

The new fixed assets in this year mainly due to the RMB 240,871,994.98 transfer from construction in process; decrease of the fixed assets in the Year mainly because the assets renewal transfer to construction in process and assets dispose for retirement

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

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

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

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

Item	Original book value	Accumulated depreciation	Depreciation provision	Net book value
House and buildings	64,101,390.83	13,840,392.55		50,260,998.28
Machinery equipment	3,228,380.46	2,128,803.60		1,099,576.86
Other equipment	16,649,139.85	3,443,236.59		13,205,903.26
Total	83,978,911.14	19,412,432.74		64,566,478.40

(6) Fixed assets without property certificate

Item	Book value	Reason of not complete the property certificate
3# makeshift shelter	5,689,907.18	In procedure

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Item	Book value	Reason of not complete the property certificate
4# makeshift shelter (dormitory building transfer to capital)	6,651,069.97	In procedure
5# makeshift shelter	5,140,247.60	In procedure
6# building for cadre men	8,930,447.86	In procedure
7# building for cadre men	8,215,215.45	In procedure
8# makeshift shelter	5,178,824.74	In procedure
II canteen of living area	25,910,795.15	In procedure
Canteen	2,716,313.94	In procedure
Total	68,432,821.89	

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

15. Construction in progress

(1) Details of construction in progress

Item	Ending amount			Opening amount		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Jiangxi Meiling – construction of the production line for producing one million energy-saving smart refrigeration annually	71,086,744.70		71,086,744.70	12,325.05		12,325.05
Changhong Air Conditioner- relocation of production base and upgrading & expansion	44,191,093.23		44,191,093.23			
Construction of intelligent manufacturing	30,302,738.39		30,302,738.39	12,785,053.55		12,785,053.55
Construction of laboratory (inspection center)	5,735,299.39		5,735,299.39	199,222.61		199,222.61
Reform of the production of larger refrigeration in J line	3,128,583.30		3,128,583.30			
Change of dry & web part of the door foaming line	2,050,427.36		2,050,427.36			
Transformation of line body - R290	1,769,230.77		1,769,230.77	4,031,885.46		4,031,885.46
Transformation of EPS house	1,244,713.14		1,244,713.14			
PUR glue	1,220,085.45		1,220,085.45			
Equipment to be installed	373,222.76		373,222.76	3,490,730.72		3,490,730.72
Upgrading of the production line for Mianyang Meiling intelligent refrigeration	338,293.66		338,293.66	11,190,008.45		11,190,008.45
Project of relocation and capacity promotion of the central AC				1,124,429.99		1,124,429.99
2nd phase construction of the fitting life zone in new industrial park of Meiling				165,000.00		165,000.00
Relocation of the squeeze board line in Jiangxi Meiling				593,777.99		593,777.99
Relocation and expansion of Zhongke Meiling				60,889,270.95		60,889,270.95
Comprehensive promotion of non shrink				87,220.00		87,220.00

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Item	Ending amount			Opening amount		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
tube expander						
Leasing project in college				5,631,371.46		5,631,371.46
KA line				792,136.75		792,136.75
Other miscellaneous items	13,417,285.00		13,417,285.00	6,044,976.97		6,044,976.97
Total	174,857,717.15		174,857,717.15	107,037,409.5		107,037,409.5

(2) Changes in significant construction in progress

Item	Book balance at year-begin	Increase during the year	Transfer to fixed assets in the year	Other decrease	Book balance at year-end	Source of funds
Relocation and capacity expansion project of Zhongke Meiling	60,889,270.95		60,889,270.95			Self-raised
Intelligent manufacturing project	12,785,053.55	42,598,731.81	23,092,556.82	1,988,490.15	30,302,738.39	Raise funds
Upgrading and reform of the production line of intelligent refrigerator of Mianyang Meiling	11,190,008.45	24,059,125.45	34,910,840.24		338,293.66	Self-raised
Jiangxi Meiling – construction of the production line for producing one million energy-saving smart refrigeration annually	12,325.05	73,014,699.94		1,940,280.29	71,086,744.70	Self-raised
Changhong Air Conditioner-relocation of production base and upgrading & expansion		44,191,093.23			44,191,093.23	Self-raised

(Continued)

Projects	Budget (in 10 thousand Yuan)	Proportion of project investment in budget	Progress	Accumulated amount of interest capitalization	including: interest capitalized amount of the year	Interest capitalization rate of the year
Relocation and capacity expansion project of Zhongke Meiling	14,589.74	73.31%	100.00%			
Intelligent manufacturing project	26,128.00	33.80%	50.00%			
Upgrading and reform of the production line of intelligent refrigerator of Mianyang Meiling	4,792.00	82.06%	90.00%			
Jiangxi Meiling – construction of the production line for producing one million energy-saving smart refrigeration annually	20,960.00	33.92%	52.74%			
Changhong Air Conditioner-	84,791.01	5.21%	30.00%			

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relocation of production base and upgrading & expansion						
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(3) No depreciation reserves for construction in process at year-end.

16. Disposal of fixed assets

Item	Ending amount	Opening amount	Reasons for disposal transferred
Relevant assets disposal for reserved lands	75,875,517.11	75,788,138.47	Relocation for land reserve

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

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

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

17. Intangible assets

(1) According to intangible assets item

Item	Land use right	Trademark special right	Non-patent technology	Other	Total
I. Original book value					
1. Opening balance	613,696,837.62	283,292,439.34	195,407,299.78	161,699.32	1,092,558,276.06

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Item	Land use right	Trademark special right	Non-patent technology	Other	Total
2.Increase during the year	144,537,049.01		70,701,431.25	4,170,486.23	219,408,966.49
(1) purchase	144,537,049.01			1,108,002.78	145,645,051.79
(2)Internal research			70,701,431.25	3,062,483.45	73,763,914.70
3.Decrease during the year	5,278,616.64				5,278,616.64
(1)Disposal	5,278,616.64				5,278,616.64
4.Ending balance	752,955,269.99	283,292,439.34	266,108,731.03	4,332,185.55	1,306,688,625.91
II.Accumulated depreciation					
1.Opening balance	116,684,176.11	270,959,304.29	90,912,770.61	32,753.42	478,589,004.43
2.Increase during the year	13,177,537.35	3,882,886.80	38,914,077.49	149,178.97	56,123,680.61
(1) provision	13,177,537.35	3,882,886.80	38,914,077.49	149,178.97	56,123,680.61
3.Decrease during the year	877,681.54				877,681.54
(1) Disposal	877,681.54				877,681.54
4.Ending balance	128,984,031.92	274,842,191.09	129,826,848.10	181,932.39	533,835,003.50
III. Provision for impairment					
IV. Book value					
1.Book value at year-end	623,971,238.07	8,450,248.25	136,281,882.93	4,150,253.16	772,853,622.41
2.Book value at year-begin	497,012,661.51	12,333,135.05	104,494,529.17	128,945.90	613,969,271.63

(2) As of the end of 2017, 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	19,521,211.26	

18. Development expense

Item	Opening balance	Increase during the year		Decrease during the year			Ending balance
		Internal development expenditure	Other	Included in current profits and losses	Confirmed as intangible assets	Other	
Technology development for Air-conditioner	30,878,434.47	90,084,375.45		2,304,375.00	57,469,723.78		61,188,711.14
Technology development for refrigerator	12,797,092.26	24,216,701.13			13,231,707.47		23,782,085.92
Other technology development	1,348,223.87	2,403,609.84		36,068.53	3,062,483.45		653,281.73
Total	45,023,750.60	116,704,686.42		2,340,443.53	73,763,914.70		85,624,078.79

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19. Goodwill

(1) Original value of goodwill

Invested unit	Opening balance	Increase during the year		Decrease during the year		Ending balance
		Formation from enterprise merger	Other	Formation from enterprise merger	Other	
Hefei Meiling Group Holding Co., Ltd.	3,553,367.77					3,553,367.77
Guangxi Huidian Home Appliance Co., Ltd	5,313,913.50					5,313,913.50
Total	8,867,281.27					8,867,281.27

(2) Impairment provision of goodwill

Invested unit	Opening balance	Increase during the year		Decrease during the year		Ending balance
		Provision	Other	Provision	Other	
Hefei Meiling Group Holding Co., Ltd.	3,553,367.77					3,553,367.77
Guangxi Huidian Home Appliance Co., Ltd	5,313,913.50					5,313,913.50
Total	8,867,281.27					8,867,281.27

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

20. Long-term deferred expenses

Item	Opening balance	Increase during the year	Amortization during the year	Other increase during the year	Ending balance
Relocation of the intelligent manufacturing plant	1,132,075.48	4,033,702.27	1,529,915.81		3,635,861.94

21. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets without the offset

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deferred income tax assets recognized from property depreciation preparation	131,024,120.50	20,010,586.00	107,230,307.69	16,454,229.77
Deferred income tax assets recognized from accrual liability	313,013,878.20	46,952,081.73	331,575,430.79	49,736,314.62
Deferred income tax assets recognized from Dismission welfare	29,851,081.96	4,477,662.29	35,517,365.78	5,327,604.87
Deferred income tax assets recognized from deferred income	49,566,302.74	7,456,073.25	82,260,654.75	12,339,098.21
Deferred income tax assets recognized from ir-reparable losses	75,254,272.72	11,409,917.37	1,293,875.10	323,468.74

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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 changes in the fair value	387,268.52	58,090.28	559,249.58	83,887.44
Accrued income tax assets	2,164,484.73	324,672.71		
Total	601,261,409.37	90,689,083.63	558,436,883.69	84,264,603.65

(2) Deferred income tax liabilities without the offset

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deferred income tax liabilities recognized from changes in the fair value			12,060,213.30	1,809,032.00

(3) Details of unrecognized deferred income tax assets

Item	Ending balance	Opening balance
Deductible temporary difference	49,551,458.77	26,140,372.22
Deductible loss	438,730,245.37	373,985,517.42
Total	488,281,704.14	400,125,889.64

22. Other non-current assets

Item	Ending balance	Opening balance
Term deposit for pledge		34,615,630.00

Note: This project is the three-year term fixed deposit that the subsidiary Zhongshan Changhong has deposited at Guangdong Development Bank Zhongshan Branch for getting the bank's long-term loan. The deposit amount is US \$ 6,810,000.00 dollars, equivalent to 44,497,902.00 Yuan, will expire in 2018 and reclassify to non-current assets due within one year

23. Short-term loans

(1) Types of short-term loans

Type of loans	Ending balance	Opening balance
Loan in pledge	266,980,000.00	26,500,000.00
Guaranteed loan	374,226,000.00	
Loan in credit	990,000,000.00	261,843,724.73
Total	1,631,206,000.00	288,343,724.73

New loans in the Year:

1)The Company and Tokyo Branch of Bank of Communications entered into the Maximum Liquidity Borrowing Contract, setting out the agreed term of facility from 23 June 2017 to 22 June 2018, the maximum facilities of USD80 million bearing interest at fixed rate of 2.60% per annum. As of 31

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December 2017, the financing under this contract is USD30,000,000.00, equivalent to RMB196,026,000.00. this borrowing is guaranteed by the letter of guarantee issued by Anhui Branch of Bank of Communications, with Hefei Meiling Co., Ltd. and Tokyo Branch of Bank of Communications being the secured party and the beneficiary respectively.

2)The Company and Hefei Economic and Technology Development Park Branch of Bank of China entered into the Liquidity Borrowing Contract with a term of 12 years commencing from the date of actual drawing. Since the actual drawing made by the Company is 29 September 2017, the term of the contract begins from 29 September 2017 and ends on 28 September 2018, with fixed interest rate of 4.35% per annum and principal of RMB50,000,000.00;

3)The Company and Anhui Branch of Agricultural Bank of China entered into the Liquidity Borrowing Contract with a term from 12 June 2017 to 11 June 2018, a fixed interest rate of 4.35% per annum and a principal of RMB50,000,000.00;

4)The Company and Hefei Branch of China Minsheng Bank entered into the Liquidity Borrowing Contract with a term from 28 November 2017 to 28 June 2018, a fixed interest rate of 4.611% per annum and a principal of RMB290,000,000.00;

5)The Company and Hefei Shouchun Branch of Bank of Communications entered into the Liquidity Borrowing Contract with a term from 1 June 2017 to 29 May 2018, a fixed interest rate of 4.35% per annum and a principal of RMB200,000,000.00;

6)The Company and Hefei Luyang Branch of China Construction Bank entered into the Liquidity Borrowing Contract with a term from 1 March 2017 to 28 February 2018, a fixed interest rate of 4.1325% per annum and a principal of RMB200,000,000.00;

7)The Company and Hefei Luyang Branch of Bank of Hangzhou entered into the Liquidity Borrowing Contract with a term from 26 July 2017 to 25 July 2018, a fixed interest rate of 3.7338% per annum and a principal of RMB40,000,000.00;

8)The Company and Chengdu Branch of United Overseas Bank entered into the Liquidity Borrowing Contract with a term from 20 December 2017 to 20 June 2018, a fixed interest rate of 4.57% per annum and a principal of RMB100,000,000.00;

9)The Company and Hefei Economic and Technology Development Park Branch of Huishang Bank entered into Issue of Domestic L/C Contract, pursuant to which, the Company applies for issue of an irrevocable letter of credit with an amount of RMB60,000,000.00 in favor of Jiangxi Meiling Appliances Co., Ltd. according to the Application Letter of Issue of Domestic L/C of Huishang Bank. The L/C has a term of 360 days, from 10 November 2017 to 5 November 2018 and bear interest at fixed rate of 4.10% per annum;

10)Under the Export Trade Financing Contract between our subsidiary Zhongshan Changhong Company and Zhongshan Nantou Branch of Agriculture Bank of China, Zhongshan Changhong Company applied for a financing of RMB29,500,000.00 from Zhongshan Nantou Branch of Agriculture Bank of China by means of export commodities financing at an interest rate of 4.1% during the period from 25 August

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2017 to 23 February 2018;

11) Under the Export Trade Financing Contract between our subsidiary Zhongshan Changhong Company and Zhongshan Nantou Branch of Agriculture Bank of China, Zhongshan Changhong Company applied for a financing of RMB57,500,000.00 from Zhongshan Nantou Branch of Agriculture Bank of China by means of export commodities financing at an interest rate of 4.15% during the period from 19 September 2017 to 19 March 2018;

12) Under the Export Trade Financing Contract between our subsidiary Zhongshan Changhong Company and Zhongshan Nantou Branch of Agriculture Bank of China, Zhongshan Changhong Company applied for a financing of RMB57,500,000.00 from Zhongshan Nantou Branch of Agriculture Bank of China by means of export commodities financing at an interest rate of 4.15% during the period from 22 September 2017 to 22 March 2018;

13) Under the General Agreement on Export Invoice Financing Business between our subsidiary Zhongshan Changhong Company and Zhongshan Nantou Branch of Industry and Commerce Bank of China, Zhongshan Changhong Company applied for a financing of RMB52,480,000.00 from Zhongshan Nantou Branch of Industry and Commerce Bank of China by means of export invoice financing at an interest rate of 4.35% during the period from 26 December 2017 to 24 June 2018;

14) Under the Liquidity Borrowing Contract between our subsidiary Zhongke Meiling Company and Anhui Branch of Bank of China, Zhongke Meiling Company applied for a short-term loan of RMB9,200,000.00 from Anhui Branch of Bank of China by means of guarantee, for which, the Company acted as the guarantor. The loan has a term commencing from 23 June 2017 and ending on 22 June 2018, and bears interest at floating rate, subject to a floating cycle of every 12 months;

15) Under the Liquidity Borrowing Contract between our subsidiary Meiling Group Company and Hefei Branch of Agriculture Bank of China, Meiling Group Company applied for a short-term loan of RMB70,000,000.00 from Hefei Branch of Agriculture Bank of China by pledge of notes, with a term commencing from 16 November 2017 and ending on 7 March 2018 and a fixed interest rate of 4.35% per annum;

16) Under the Non-recourse Domestic Factoring Business Contract between our subsidiary Jiangxi Meiling Company and Hefei Branch of China Merchants Bank, Jiangxi Meiling Company applied for a short-term loan of RMB100,000,000.00 from Hefei Branch of China Merchants Bank by factoring of trade receivables, with a term commencing from 29 June 2017 and ending on 28 June 2018 and an interest rate of 3.915%;

17) Under the Recourse Domestic Factoring Business Contract between our subsidiary Jiangxi Meiling Company and Anhui Branch of Bank of Communications, Jiangxi Meiling Company applied for a short-term loan of RMB49,000,000.00 from Anhui Branch of Bank of Communications by factoring of trade receivables, with a term commencing from 30 September 2017 and ending on 21 March 2018 and an interest rate of 4.550%;

18) Under the Recourse Domestic Factoring Business Contract between our subsidiary Jiangxi Meiling

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Company and Anhui Branch of Bank of Communications, Jiangxi Meiling Company applied for a short-term loan of RMB20,000,000.00 from Anhui Branch of Bank of Communications by factoring of trade receivables, with a term commencing from 25 December 2017 and ending on 25 June 2018 and an interest rate of 4.650%.

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

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

Item	Ending balance	Opening balance
Derivative financial liabilities	16,034,000.00	559,249.58

25. Notes payable

Type	Ending balance	Opening balance
Bank acceptance	3,421,210,611.84	2,315,706,781.72
Commercial acceptance bill	585,555,246.15	319,344,958.58
Total	4,006,765,857.99	2,635,051,740.30

No notes expired at year-end without paid

26. Account payable

(1) Age of account payable

Item	Ending balance	Opening balance
Total	2,869,886,049.19	2,331,899,310.82
Including: over 1 year	55,323,422.28	47,332,805.86

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

27. Advance payment

(1) Age of advance payment

Item	Ending amount	Opening amount
Total	438,386,810.72	390,935,440.46
Including: over 1 year	18,668,644.77	13,605,202.15

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

28. Wages payable

(1) Types of wages payable

Item	Opening balance	Increase during the year	Decrease during the year	Ending balance
Short-term compensation	178,822,854.81	1,413,683,869.04	1,420,710,531.82	171,796,192.03
After-service welfare- defined contribution plans	4,948,222.26	80,361,472.59	77,492,380.04	7,817,314.81
Dismiss welfare	5,820,961.93	5,230,878.76	5,846,180.67	5,205,660.02

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Item	Opening balance	Increase during the year	Decrease during the year	Ending balance
Total	189,592,039.00	1,499,276,220.39	1,504,049,092.53	184,819,166.86

(2) Short-term compensation

Item	Opening balance	Increase during the year	Decrease during the year	Ending balance
Wages, bonuses, allowances and subsidies	146,971,903.13	1,299,108,192.07	1,283,938,656.65	162,141,438.55
Welfare for workers and staff	100,340.00	44,850,198.62	44,747,152.62	203,386.00
Social insurance	2,498,982.71	38,496,348.96	37,437,991.29	3,557,340.38
Including: Medical insurance	2,345,425.78	33,355,249.76	32,403,431.88	3,297,243.66
Work injury insurance	47,092.65	2,892,128.85	2,840,233.55	98,987.95
Maternity insurance	106,464.28	2,248,970.35	2,194,325.86	161,108.77
Housing accumulation fund	3,326,804.54	28,006,020.18	27,204,431.64	4,128,393.08
Labor union expenditure and personnel education expense	1,742,673.51	3,223,109.21	3,200,148.70	1,765,634.02
Short-term profit sharing plan	24,182,150.92		24,182,150.92	
Total	178,822,854.81	1,413,683,869.04	1,420,710,531.82	171,796,192.03

(3) Defined contribution plans

Item	Opening balance	Increase during the year	Decrease during the year	Ending balance
Basic endowment insurance	3,867,272.79	76,929,655.68	74,159,626.57	6,637,301.90
Unemployment insurance	1,080,949.47	3,431,816.91	3,332,753.47	1,180,012.91
Total	4,948,222.26	80,361,472.59	77,492,380.04	7,817,314.81

29. Tax payable

Item	Ending balance	Opening balance
Value-added tax	9,639,617.86	19,079,499.27
Enterprise income tax	19,295,436.64	3,423,898.42
Individual income tax	4,763,232.23	3,205,739.98
Urban maintenance and construction tax	873,061.03	3,302,546.79
House property tax	6,127,114.13	5,593,587.71
Land-use right tax	2,949,096.59	4,802,263.59
Educational surtax	679,571.16	2,428,555.60
Stamp tax	2,455,816.00	2,944,485.06
Construction fund of Water Conservancy Projects	1,044,508.56	745,069.75
Treatment fund for abandon electric & electronics products	11,579,556.00	12,328,067.00
Other	1,885,661.52	1,995,318.96
Total	61,292,671.72	59,849,032.13

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30. Interest payable

(1) Classification of interest payable

Item	Ending balance	Opening balance
Interest on long-term loans for repayment of principal of installment maturity	172,254.25	1,617,352.01
Interest of short-term loans	6,269,254.43	
Total	6,441,508.68	1,617,352.01

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

31. Dividends payable

Item	Ending balance	Opening balance
City Insurance company	450,504.45	376,729.65
BOC-Fullgoal Tianyi Securities Investment Fund	153,697.50	153,697.50
Hefei Branch of BOC	225,252.20	188,364.80
Hefei collective industry association	225,251.86	188,364.52
Entrust Investment Wuhu of Provincial ABC	180,201.78	150,691.86
Other piecemeal units	1,655,457.01	1,487,952.90
Total	2,890,364.80	2,545,801.23

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

32. Other account payable

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

Nature of account	Ending balance	Opening balance
1. Accrued expenses (expenses occurred without reimbursed)	550,991,753.72	479,907,162.28
2. receivables received temporary and deducted temporary	27,098,950.42	7,725,476.68
3. deposit, margin	90,748,996.24	88,308,204.63
4. not the come-and-go with related parties in statement scope	9,225,961.80	12,959,890.54
5. other	156,219,973.82	33,679,589.30
Total	834,285,636.00	622,580,323.43

Note: Other refers to the account receivable buyout under the Buyout Agreement of Huaxia Bank, the bank did not deduct the amount promptly.

(1) The major other account payable with account age over one year at end of the year refers to the purchase margin

33. Non-current liability due within one year

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

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Item	Ending balance	Opening balance
Long term loans due within one year	32,174,400.80	262,486,600.00
Deferred income transfer to gains and losses within one year	14,279,975.88	9,715,990.10
Total	46,454,376.68	272,202,590.10

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

Item of government subsidies	Opening amount	Amount reckoned into non-operation revenue in the Period	Other changes	Ending amount	Assets related/Income related
Demolition compensation of Jiangxi Meiling	1,797,880.32	1,797,880.32	1,797,880.32	1,797,880.32	Assets related
Demolition compensation of Hefei Meiling	2,425,513.16	2,404,563.15	2,369,580.17	2,390,530.18	Assets related
technical reform for Athena Project	4,286,250.00	4,286,250.00	4,286,250.00	4,286,250.00	Assets related
Freezer project of Hefei Meiling	734,062.52	734,062.49	734,062.49	734,062.52	Assets related
Adaptability improvement R290/D52/13-R290 project for production of FTXS	167,871.60	167,871.60	2,364,981.69	2,364,981.69	Assets related
Promoting the new industry (annual output of 0.6 million medium& large volume environmental protection and energy saving freezer)	304,412.50	304,412.48	304,412.48	304,412.50	Assets related
Project of VISA application			1,409,302.33	1,409,302.33	Assets related
Industrialization of energy-saving intelligent AC			210,309.28	210,309.28	Assets related
Subsidy for new plant project			500,000.00	500,000.00	Assets related
Smart life and fresh life project			165,279.14	165,279.14	Assets related
Development subsidy for technical reform on production line			40,892.59	40,892.59	Assets related
Promotion capital of the development of internal trade and circulation service industry			76,075.33	76,075.33	Assets related
Total	9,715,990.10	9,695,040.04	14,259,025.82	14,279,975.88	

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

34. Long-term loans

(1) Classification of long-term loans

Type	Ending amount	Opening amount
Loan in pledge		34,157,788.00
Loan in mortgage	2,560,000.00	3,200,000.00
Loan in credit	250,600,000.00	1,551,000.00
Total	253,160,000.00	38,908,788.00

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

Loan unit	Borrowing day	Returning day	Foreign currency	Interest rate	Ending amount (RMB)	Opening amount (RMB)
Zhongshan Branch of China Guangfa	2015.01.06	2018.01.06	USD	3.20%		34,157,788.00

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Bank ^{Note1}						
Ministry of Finance of Hefei ^{note 2}	2002.11.21	2017.11.20	RMB	1.80%		651,000.00
Ministry of Finance of Hefei ^{note 3}	2004.12.10	2019.12.10	RMB	1.80%	600,000.00	900,000.00
Ministry of Finance of Hefei ^{note 4}	2006.11.0.9	2021.11.08	RMB	2.25%	2,560,000.00	3,200,000.00
Anhui branch Import and Export Bank ^{note 5}	2017.05.12	2019.05.12	RMB	3.35%	250,000,000.00	
Total					253,160,000.00	38,908,788.00

Note 1: On 6 January 2015, subsidiary Zhongshan Changhong entered into Middle and Long Term Foreign Currency Borrowing Contract with China Guangfa Bank Zhongshan Branch, which agreed that China Guangfa Bank Zhongshan Branch would provide loans of USD 4,924,000.00 to the Company to finance the joint venture project conducted by Zhongshan Changhong Home Appliances Co., Ltd and RUBA GENERAL TRADING FZE Company in Pakistan. This borrowing was secured by Zhongshan Changhong with the fixed deposits of USD 86, 000.00 and USD 4, 904,000.00 saved by it in China Guangfa Bank Zhongshan Branch, respectively. The loans are converted to RMB counted as 32,174,400.80 Yuan at end of the year, and has classified to non-current liability due within one year

Note 2: On 1 November 2002, the Company entered into the Agreement Relating to Implementing Construction Projects through Lending Treasury Bond Funds with the finance office of Hefei, pursuant to which, the finance office of Hefei lent the treasure bonds or RMB7.16 million related to our “Technology Reform Project in relation to Nanometer Materials for Retaining Freshness” to our Company, with a terms of 15 years. The lent funds have begun to carry interest commencing from the date of appropriation of funds by the finance office of Hefei (namely 21 November 2002), and the Company shall pay the interests to the finance office of Hefei annually on an average basis during the lending period. The first four years of the loan is grace period. The interest rate per annum applicable to the lent funds is floating interest rate since 1999 (for interest rate per annum in respect of each batch of Treasury bond lending capital, it is determined by reference to one-year time deposit rate per annum on value date of the prevailing year as published by the PBOC, plus 0.3 percentage points). The long-term loans are paid in full in 2017

Note 3: It was the special Treasury bond capital appropriated by Ministry of Finance of Hefei for enterprises’ information reform, received on Dec. 10th, 2004.

Note 4: In August of 2006, the Company signed Asset Mortgage Agreement with Ministry of Finance of Hefei. It takes five industry crusher chambers which cover an area of 2,322.98 square meters as mortgage for the Company to get the lending of treasury bond fund which has 15-year term and worthy of RMB 7,040,000 from the Ministry of Finance of Hefei. The capital on-lending began to bear interest from the appropriate date (November 9, 2006), which would be paid by stages in the loan period to Ministry of Finance of Hefei by the Company. The first four years were grace period, during which the annual interest rate was subject to floating interest rate (the annual interest rate was the annual interest rate of one year fixed deposit plus 0.3%). On 1 March 2013, according to the Letter Relating to Ceasing Process of Other Securities in respect of the Properties in Feidong Longgang Industrial Park of Hefei Meiling Co., Ltd. (HCJ(2006)No.85) issued by the

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finance office of Hefei, Meiling commenced the national purchase of its land parcels in Longgang in compliance with the land planning of Hefei municipal government, which required its properties in Longgang land parcel to be unrestricted. The real estate for mortgage lifted in 2006 of the Company with registration No. HGYJCZ No.0121 which was used as the security for treasury bonds lending capital (details were set out in Note VI.15).

Note 5: On 12 May 2017, the Company entered into a Loan Agreement (seller's credit on exports) with Anhui Branch of Import and Export Bank. The loans from Import and Export Bank to the Company amounted as 250 million Yuan, and the loans will be used on capital turnover for general mechanical and electrical products; term of the loans was 24 months, and the interest rate will based on the export seller's credit rate, fixed annual interest rate agreed as 3.35%. Quarter interest settlement on 20 March, 20 June, 20 September and on 20 December .

35. Long-term payable

Classify by nature

Nature	Ending balance	Opening balance
Financing lease	3,953,687.53	
Supporting fund for technical reconstruction	7,000,000.00	
Total	10,953,687.53	

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

36. Long-term wage payable

Item	Ending balance	Opening balance
Dismissal welfare	24,645,421.94	29,696,403.85

According to the internal early retirement policy, the long-term payable dismissal welfare bears by the Company up to end of the year amounting to RMB 24,645,421.94

37. Special payable

Item	Opening balance	Increase during the year	Decrease during the year	Ending balance	形成原因
Special fund of technical transformation of Zhongshan	1,400,000.00	1,000,000.00	870,000.00	1,530,000.00	中山市科技计划 Item

38. Accrual liability

Item	Ending balance	Opening balance	Reason
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Item	Ending balance	Opening balance	Reason
Product quality guarantee	6,183,877.90	11,795,030.15	Guarantee of product
Guarantee fund for quality service	306,830,000.30	319,780,400.64	Guarantee of product
Total	313,013,878.20	331,575,430.79	

Product quality deposit is the maintenance expense provided by the Company under the national policy, while quality service special guarantee capital is the warranty costs provided for product quality in addition to such policy. Due to parts of the product quality assurance commitment out of the national three packs of policy have expired in 2017, the accrual liability which have not been occurred for withdrawal in relevant products are verified, actually 7,949,287.74 Yuan being verified.

39. Deferred income

(1) Classification of deferred income

Item	Ending amount	Opening amount
Government subsidies---subsidies of development project	54,206,139.78	67,032,277.62
Government subsidies---subsidies of Relocation	48,363,815.61	75,887,284.87
Total	102,569,955.39	142,919,562.49

(2) Government subsidy

Item	Opening amount	New subsidy in the Year	Amount reckoned into non-operating income	Other changes	Ending amount	Assets related/Income related
Demolition compensation of Jiangxi Meiling	7,556,754.62			1,797,880.32	5,758,874.30	Assets related
Demolition compensation of Hefei Meiling	44,974,521.48			2,369,580.17	42,604,941.31	Assets related
Athena technical transformation	13,450,312.50			4,286,250.00	9,164,062.50	Assets related
Ice cube project of Hefei Meiling	2,202,187.45			734,062.49	1,468,124.96	Assets related
Promoting the new industry (annual output of 0.6 million medium& large volume environmental protection and energy saving freezer)	1,674,268.75			304,412.48	1,369,856.27	Assets related
Research application of inverter control MCU chip	2,300,000.00				2,300,000.00	Assets related
Project of smart life and fresh life		900,000.00	13,773.26	165,279.14	720,947.60	Assets related
Relocation compensation	23,356,008.77		23,356,008.77			Assets related
Special funds for innovation driven development at the provincial level	2,950,000.00				2,950,000.00	Assets related
Subsidy for development of the technical reform in production line	253,527.00		42,248.59	40,892.59	170,385.82	Assets related
Design and application of energy saving AC air duct	300,000.00				300,000.00	Assets related
Project of VISA application	10,100,000.00		1,409,302.32	1,409,302.33	7,281,395.35	Assets related
Development of CHIQ air-conditioner and production ability	2,350,000.00				2,350,000.00	Assets related
Adaptation of new refrigerant production	18,751,981.92		2,197,110.09	2,364,981.69	14,189,890.14	Assets related

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Item	Opening amount	New subsidy in the Year	Amount reckoned into non-operating income	Other changes	Ending amount	Assets related/Income related
R290Item/D52/13-R290						
Smart white-appliance software platform and typical application R&D industrialization	4,000,000.00				4,000,000.00	Assets related
Industrialization of energy saving intelligent AC	1,700,000.00		210,309.27	210,309.28	1,279,381.45	Assets related
Strategic new industry & high-end growth industry special fund	2,000,000.00				2,000,000.00	Assets related
Development of domestic trade and circulation service industry		500,000.00	53,495.65	76,075.33	370,429.02	Assets related
Subsidy for new plant	5,000,000.00		208,333.33	500,000.00	4,291,666.67	Assets related
Total	14,291,562.49	1,400,000.00	27,490,581.28	14,259,025.82	102,569,955.39	

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

40. Share capital

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

41. Capital reserve

Item	Opening amount	Increase during the year	Decrease during the year	Ending amount
Share premium	2,639,787,797.95		3,154,716.58	2,636,633,081.37
Other capital reserve	48,173,262.70			48,173,262.70
Total	2,687,961,060.65		3,154,716.58	2,684,806,344.07

Note: the change of share capital premium for the year is mainly attributable to: (1) acquisition of minority interest of Zhongke Meiling Cryogenic Technology Co., Ltd. on 15 August 2017. The difference between the new acquired long-term equity investment and share of the subsidiary's net assets which are calculated on a continuous basis since the acquisition date based on the increased shareholding proportion is RMB45,201.87, which is accounted as capital reserve; (2) on 15 September 2017, the subsidiary Zhongke Meiling held the 4th extraordinary general meeting of 2017 to consider and approve the Resolution Relating to the First Issue of Shares by Cryogenic Technology Co., Ltd. in 2017, for which, the Company waived the pre-emptive right. This issue involves a total shares of 490,300 of Zhongke Meiling. After this issue, the shareholding of the Company in Zhongke Meiling was reduced to 66.87%. The difference between share of the subsidiary's net assets after the issue of shares based on the new shareholding proportion and the share of the subsidiary's net assets prior to the issue of shares based on the original shareholding proportion is RMB168,822.44, which is used to offset capital reserve; (3) Changmei Technology Co., Ltd. acquired minority interests in 2017. The difference between the new acquired long-term equity investment and share of the subsidiary's net assets which are

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calculated on a continuous basis since the acquisition date based on the increased shareholding proportion is RMB383,967.69, which is used to offset capital reserve; (4)the remaining represents acquisition of minority interest of certain distribution subsidiaries. The difference between the new acquired long-term equity investment and share of the subsidiaries' net assets which are calculated on a continuous basis since the acquisition date based on the increased shareholding proportion is RMB2,647,128.32, which is used to offset capital reserve;

42. Other comprehensive income

Item	Opening balance	Current Year					Ending balance
		Account before income tax in the year	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less : income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	
Other comprehensive income re-divided into gains/losses							
Including: conversion difference arising from foreign currency financial statement	3,474,546.95	-14,082,920.83				-3,346,051.86	-7,262,322.02

43. Surplus reserves

Item	Opening amount	Increase during the year	Decrease during the year	Ending amount
Statutory surplus reserve	275,421,718.17			275,421,718.17
Discretionary surplus reserve	115,607,702.16			115,607,702.16
Total	391,029,420.33			391,029,420.33

44. Retained profit

Item	Current Year	Last Year
Amount at the end of last year	968,097,382.98	817,667,480.44
Add: adjustment from undistributed profit at year-begin		
Including: retroactive adjustment by Accounting Standards for Business Enterprise		
change of accounting policy		
Correction of former material error		
Change of combination scope under common control		
Amount at the beginning of this year	968,097,382.98	817,667,480.44
Add: net profit attributable to shareholders of parent company for this year	32,473,204.92	220,216,680.96
Less: withdraw of statutory surplus reserve		23,962,426.15
withdraw of discretionary surplus reserve		

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Item	Current Year	Last Year
Withdraw of general risk provision		
Dividend payable for ordinary shares	62,675,815.97	45,824,352.27
Dividend of ordinary shares transferred to share capital		
Amount at the end of this year	937,894,771.93	968,097,382.98

45. Operation income, operation cost

(1) Operation income and operation cost

Item	Current Year	Last Year
Main business income	16,013,327,582.28	12,025,103,352.55
Other business income	784,109,175.08	501,607,514.94
Total	16,797,436,757.36	12,526,710,867.49
Main business cost	13,092,373,731.24	9,590,231,985.74
Other business cost	710,299,406.06	438,161,436.58
Total	13,802,673,137.30	10,028,393,422.32

(2) Main business classified according to product

Product	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator, freezer	7,464,503,149.31	6,042,215,238.91	6,678,568,374.39	5,236,031,795.08
Air-condition	7,005,144,650.67	5,766,992,639.83	4,158,164,312.32	3,354,925,254.82
Washing machine	705,875,802.77	567,701,772.81	508,133,090.63	404,747,868.32
Small appliances and kitchen and toilet	536,291,620.64	456,677,143.84	423,162,351.81	379,811,894.02
Other	301,512,358.89	258,786,935.85	257,075,223.40	214,715,173.50
Total	16,013,327,582.28	13,092,373,731.24	12,025,103,352.55	9,590,231,985.74

(3) Main business classified according to sales region

Region	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	12,172,421,690.59	9,465,251,585.24	9,108,442,083.44	6,976,734,143.90
Overseas	3,840,905,891.69	3,627,122,146.00	2,916,661,269.11	2,613,497,841.84
Total	16,013,327,582.28	13,092,373,731.24	12,025,103,352.55	9,590,231,985.74

Top five clients have income in sales of RMB 5,993,839,490.34 Yuan in total, a 35.68% in total operation income.

46. Business tax and extra charges

Item	Current Year	Last Year
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Item	Current Year	Last Year
Business tax		895,146.45
City construction tax	29,682,136.75	25,764,035.98
Extra charge for education and local education surcharge	21,916,696.12	18,742,400.86
Real estate tax	12,461,143.82	11,925,656.28
Treatment fund for abandon electrics & electronics	59,778,481.00	53,619,622.00
Land tax	8,300,141.16	11,078,203.69
Stamp duty	11,659,990.71	9,221,240.77
Water fund	6,700,210.74	5,293,129.18
Other	-1,016,320.39	1,318,387.72
Total	149,482,479.91	137,857,822.93

47. Sales expense

Item	Current Year	Last Year
Salary , extra charges and laboring charge	597,704,401.09	516,616,181.17
Transport expenses	583,386,070.18	453,357,684.29
Market support	330,479,707.53	232,609,376.03
Air conditioner installation fee	403,688,837.63	212,014,995.68
National three guarantees expense	157,186,892.56	153,157,117.74
Storage lease expenses	120,029,440.81	110,446,203.15
Other expenses	75,165,692.95	48,585,265.28
Travelling expenses	48,042,729.60	38,814,724.25
Advertisement expenses	53,630,178.78	38,230,903.17
Operation activities expenses	21,412,507.25	17,125,348.72
Meeting organization	12,984,091.73	11,440,400.40
House-lease expenses	16,808,642.70	9,484,909.62
Depreciation expenses	6,308,414.47	6,041,295.37
Communication expenses	7,509,452.57	7,472,043.94
Total	2,434,337,059.85	1,855,396,448.81

48. Administration expense

Item	Current Year	Last Year
Salary and social insurance etc.	231,721,250.46	250,588,937.09
Trial fee of R&D	62,204,016.56	50,029,204.84
Amortized intangible assets	55,395,659.44	42,656,480.50
Depreciation	26,378,474.68	20,636,117.00
Utilities	12,196,456.64	10,655,035.88
Domestic travelling fee	8,765,832.06	9,102,131.63
Inspection and authentication fee	10,887,979.48	7,598,269.93
Business activities	4,959,505.54	7,391,394.85

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Item	Current Year	Last Year
Office charge	6,277,724.06	6,076,143.02
Property insurance	4,291,247.58	4,198,820.70
Funds of Board	1,970,675.26	2,743,185.06
Others	71,882,921.28	60,471,260.23
Total	496,931,743.04	472,146,980.73

49. Financial expense

Item	Current Year	Last Year
Interest expenditure	67,750,377.89	25,317,436.95
Less: Interest income	145,489,942.29	115,658,075.99
Add: exchange loss	33,458,318.09	-51,103,635.28
procedure charge expenditure	15,277,598.08	10,595,347.69
discount expenditure	-4,645,184.95	-9,030,263.29
Total	-33,648,833.18	-139,879,189.92

50. Loss from Assets depreciation

Item	Current Year	Last Year
Bad debt losses	16,884,408.36	-8,988,293.59
Provision for falling price of inventory	33,646,355.01	10,341,740.28
Provision for devaluation of fixed assets	383,209.19	
Total	50,913,972.56	1,353,446.69

51. Changes in fair value gains/loses

Item	Current Year	Last Year
Financial assets measured at fair value and whose movements are included in the profit and loss of the current period	3,586,518.18	12,060,213.30
Including :Income of fair value changes from derivative financial instruments	3,586,518.18	12,060,213.30
Financial liabilities measured at fair value and whose movements are included in the profit and loss of the current period	-15,474,750.42	-559,249.58
Including :Income of fair value changes from derivative financial instruments	-15,474,750.42	-559,249.58
Total	-11,888,232.24	11,500,963.72

52. Investment income

(1) Sources of investment income

Item	Current Year	Last Year
Long-term equity investment income by equity method	-2,625,710.04	-1,724,205.46
Investment income obtained from disposal of long-term equity investment	2,506.98	10,520,753.99
Investment income obtained from held of finance asset available for sales	88,862,205.90	6,693,575.48
Investment income obtained from disposal of finance asset available for sales	38,750,000.00	
Investment income obtained from disposal of financial assets measured at fair value and whose movements are included in the profit and loss of the current	-22,222,590.69	-1,187,641.34

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Item	Current Year	Last Year
period		
Total	102,766,412.15	14,302,482.67

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

Item	Current Year	Last Year	Reason of change of this year than last year
Hefei Xingmei Assets Management Co., Ltd.	-1,697,818.35	-451,268.70	Changes of net profit of the invested unit
ChanghongRuba Electric Company(Private)Limited	-400,790.01	-2,427,295.78	
Sichuan Zhiyijia Network Technology Co., Ltd.	1,315,197.31	4,567,275.37	
Hongyuan Ground Energy Heat Technology Co., Ltd.	-1,626,092.36	-874,437.22	Changes of net profit of the invested unit and counter current transaction offset
Sichuan Tianyou Guigu Technology Co., Ltd.	666,148.01	-2,538,479.13	
Chengdu Tianyou Guigu Environmental Tech. Co., Ltd.	-882,354.64		
Total	-2,625,710.04	-1,724,205.46	

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

Item	Current Year	Last Year
Equity income obtained from disposal of Hefei Meiling Packing Products Co., Ltd.	2,506.98	10,520,753.99

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

Item	Current Year	Last Year
Dividends of Huishang Bank Co., Ltd. (shareholding 0.0972%)	654,991.95	1,707,274.11
Purchase of bank financial products	88,207,213.95	4,986,301.37
Total	88,862,205.90	6,693,575.48

(5) Investment income obtained from disposal of finance asset available for sales:

Item	Current Year	Last Year
Hefei Wanmei Property Co., Ltd.	38,750,000.00	

(6) The investment income from disposal of financial assets at fair value through profit or loss refers to the profit or loss occurred from non-deliverable forward (NDF) transaction.

53. Income from assets disposal

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Item	Current Year	Last Year	Amount reckoned into non-recurring gains/losses in the Year
Income from non-current assets disposal	-8,206,289.88	-1,255,433.98	-8,223,275.36
Including: income classify to assets ready for sale			
income not classify as to assets ready for sale			
Including: Income from fixed assets disposal	-15,728,849.54	-1,255,433.98	-7,043,172.59
Income from disposal of investment real estate	8,702,662.43		
Income from intangible assets disposal	-1,180,102.77		-1,180,102.77
Total	-8,206,289.88	-1,255,433.98	-8,223,275.36

54. Other income

Item	Current Year	Last Year
Relocation compensation	23,356,008.77	
VATback of software products	6,111,207.75	
Other sporadic items	8,454,166.72	
Over-size refrigeration project 1	3,337,500.00	
Dormitory building project	2,404,563.15	
C/III/S/13/037/ adaptive reform of new refrigeration production R410A	2,364,981.69	
Relocation compensation	1,797,880.32	
Subsidy for sales –overseas department of the economic and trade development bureau in Hefei economic development zone	1,493,511.00	
Research and application of the VISA(Variable frequency integrated intelligent AC System)	1,409,302.32	
Project approval fund for Zhongshan Technology Major projects for year of 2017	1,400,000.00	
Steady post subsidy	1,357,784.00	
Award of Nanjing Port Production and Trading Enterprise	1,238,685.00	
Policy of promoting the new industrialization development	1,217,041.00	
"Going out" subsidy 2017	1,003,318.00	
Award of the policy of service industrial development	1,000,000.00	
Award of industrial policy intelligent household appliance technology	1,000,000.00	
National level green factories and green products award WZ [2017] No. 53	1,000,000.00	
Over-size refrigeration project 2	948,750.00	
Made in China – Sichuan Action Plan 2025	850,000.00	
Policy of promoting the development of multi-level capital market	800,000.00	
Technical reform fund (High and new tax rebate)	757,289.85	
Ice cube project	734,062.49	
Economic and Trade Development Bureau- premium subsidy for export credit insurance	652,007.00	

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Item	Current Year	Last Year
Subsidy for foreign engineering contracting and overseas investment	631,560.00	
Personnel bureau of Hefei economic development zone- 2017 multi-level talent support	620,886.65	
Policy of promoting the new industrialization development	550,000.00	
Special fund for export & credit insurance	526,900.00	
Subsidy of Anhui Branch of China Export & Credit Insurance Corporation	508,404.98	
National-level the identification of two integration standards	500,000.00	
Hefei economic development zone financial subsidy / Award of re-financing in service industry	500,000.00	
Science & Technology Bureau of Hefei economic development zone –state-level intellectual property demonstration enterprise fund	500,000.00	
Hefei economic development zone financial subsidy /2016 Award for promoting new product in the province	500,000.00	
Marketing fund from management commission of economic development zone	480,000.00	
Subsidy income (Hefei Enterprise Endowment Insurance Management Center)	473,901.82	
Promoting the policy of scientific & technology innovation	444,650.00	
Award from City Science & Technology Bureau	404,000.00	
Promotion of the energy –saving room AC	210,309.27	
Subsidy for new plant project	208,333.33	
Total	71,747,005.11	

55. Non-operation revenue

(1) Non-operation revenue

Item	Current Year	Last Year	Amount reckoned into non-recurring gains/losses in the Year
Government subsidy	2,767,905.00	48,274,982.18	2,767,905.00
Income of penalty	800,507.18	688,220.18	800,507.18
Other	2,103,378.86	4,798,906.63	2,103,378.86
Total	5,671,791.04	53,762,108.99	5,671,791.04

(2) Government subsidy

Item	Current Year	Last Year	Resource and basis	Assets/benefit related
VAT back of software products		7,122,432.52	CS [2011]No. 100	Income related
Project of Athena Luxury Refrigerators		4,286,250.00	Deferred income transfer-in	Assets related
Other sporadic items	800,005.00	5,255,939.84		Income related
"Going out" subsidy 2016		4,000,000.00	YSWH [2016]	Income related
Staff dormitory building project		2,445,033.38	Deferred income transfer-in	Assets related

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Item	Current Year	Last Year	Resource and basis	Assets/benefit related
Special fund of the internal & external economic & trade development in 2016 and port construction		2,100,000.00	YSWH[2016] No. 30	Income related
Relocation project of the Jiangxi Meiling Refrigeration		1,797,880.32	v	Assets related
Special fund of foreign trade promotion from City Commercial Bureau		1,733,000.00	Hefei Treasury Payment Center	Income related
Policy subsidy of the promotion of new industrialization development		1,538,700.00	HZ (2015) No. 36 etc.	Income related
Municipal Finance Bureau enterprise post subsidy		1,521,680.00	HZ (2014) No. 81, HZ (2013) Bo. 52 etc.	Income related
Subsidy for technical transformation of fixed assets		1,217,800.00	HZ (2015) No. 36	Income related
Policy subsidy of service industry development		1,120,000.00	Treasury Payment Center of Hefei Economic & Technology Development Zone	Income related
Tianjin Xintai Industrial Economic Development Management Center		1,014,456.72	Tianjin Xintai Industrial Economic Development Management Center	Income related
Policy subsidy of promote the development of new industrialization from Economic & Technology Development Zone		1,000,000.00	Treasury Payment Center of Hefei Economic & Technology Development Zone	Income related
Industrial policy smart home appliance technology awards		1,000,000.00	HZ (2016) No. 35 etc.	Income related
Power demand side management in 2016		992,000.00	CQ (2015) No. 1846 etc.	Income related
NJP production trade enterprise award		933,835.00	Nanjing Port (Group) Co., Ltd.	Income related
Zhongshan 3 rd batch of scientific and technological innovation projects and funds		808,200.00	Zhongshan KF [2016] No. 252	Income related
Technical Transformation fund (H-N tax refunds)		801,721.90	Management Committee of Jingdezhen High & New-Tech Development Zone	Income related
Refrigerator project		734,062.50	Transfer-in deferred income	Assets related
Supporting fund of Anhui Branch of SINOSURE		714,733.00	Hefei Government, HZ [2014] No.62 etc.	Income related
Standard award of Quality & Technical Supervision from the City		700,000.00	HZ (2016) No. 35 etc.	Income related
Step Out government subsidy /CZ038001		695,439.00	Finance Bureau of Zhongshan City	Income related
Government subsidy for Step Out		500,000.00	ZSW [2016]No. 20	Income related
Award for the growth enterprise of promotion of new-type industrialization development from Hefei Economic & Technology Development Zone		500,000.00	Treasury Payment Center of Hefei Economic & Technology Development Zone	Income related
Industry policy-Afterwards subsidy and industrial design award		500,000.00	HZ (2016) No. 35 etc.	Income related
Policy fund for the 2 nd promotion of service industry development and		500,000.00	Hefei Finance Office	Income related

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Item	Current Year	Last Year	Resource and basis	Assets/benefit related
financing industry for year of 2016				
Subsidy for overseas sales from economic and trade development bureau of Hefei Economic & Technology Development Zone		490,800.00	Treasury Payment Center of Hefei Economic & Technology Development Zone	Income related
Subsidy for equipment and instrument from R&D organization of Science Technology Bureau of Hefei Economic & Technology Development Zone		476,189.00	Treasury Payment Center of Hefei Economic & Technology Development Zone etc.	Income related
Government subsidy of promoting new industries		456,618.75	Deferred income transfer-in	Assets related
Special funds for technical transformation in Zhongshan		455,600.00	ZF[2014] No. 108	Income related
Industrial Development		450,600.00	HZ (2016) No. 35 HZBM(2016) No. 65	Income related
Exploitation fund for export enterprise		412,010.25	ZSWZH [2016] No. 36	Income related
Special award for province construction of the city technology bureau	808,000.00		WZ【2017】No. 52	Income related
Standard award of Economic and Information Commission	500,000.00		Treasury Payment Center of Hefei Finance Bureau etc.	Income related
Government subsidy	394,000.00		ZFB (2017) No. 20	Income related
Award for supporting the land saving and intensive use	265,900.00		DZ (2016) No. 31	Income related
Total	2,767,905.00	48,274,982.18		

56. Non-operating expenditure

Item	Current Year	Last Year	Amount reckoned into non-recurring gains/losses in the Year
Penalty and late fee	172,208.46	292,483.57	172,208.46
Other	50,769.36	246,023.69	50,769.36
Total	222,977.82	538,507.26	222,977.82

57. Income tax expenses

Item	Current Year	Last Year
Current income tax	28,772,913.09	33,057,179.03
Deferred Income Tax	-8,252,539.56	-4,013,163.31
Total	20,520,373.53	29,044,015.72

58. Other comprehensive income

Found more in 42. Other comprehensive income in VI

59. Items of cash flow statement

1) Cash received from other activities relating to operation

Item	Current Year	Last Year
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Item	Current Year	Last Year
Government subsidy and rewards	33,703,635.65	32,627,249.81
Margin, deposit	21,140,524.49	8,003,986.51
Rent income	6,656,826.94	8,011,411.57
Compensations	2,542,943.78	1,186,760.48
Collection of restriction fund	2,266,666.23	
Collection of social security fund		395,438.83
Royalty for trademark right	900,000.00	1,427,748.49
Other	5,022,063.39	8,006,198.03
Total	72,232,660.48	59,658,793.72

2) Cash paid for other activities relating to operation

Item	Current Year	Last Year
Market expenses	256,319,854.53	219,216,676.44
Transfer to restriction fund	120,068,801.01	58,742,173.73
Business travel, meeting and exhibition expenses	74,715,805.55	58,751,632.09
Rental expense	41,510,091.99	31,857,198.71
AD charge	38,973,148.94	29,701,141.25
Business activities expenses	27,088,324.43	23,567,274.72
Charge of inspection, testing, certification and evaluation	23,596,401.97	15,351,654.42
Transport and vehicle charges	22,540,416.07	21,940,946.74
Deposit loans	14,995,492.05	11,429,695.34
Office expenses	9,808,261.18	7,971,054.43
Handling Charges	9,747,273.65	44,361,568.27
Technology cooperation fee and consultancy charge	8,102,519.39	675,200.63
Communication fee	7,640,607.42	9,219,840.88
Service charge	3,737,315.12	2,903,955.79
Promotion expenses	3,335,672.06	2,465,301.13
Labor insurance premium	2,075,665.80	3,373,849.39
Others	64,147,955.36	106,099,219.19
Total	728,403,606.52	647,628,383.15

3) Cash received from other activities relating to investment

Item	Current Year	Last Year
Interest income arising from bank savings	142,267,160.10	114,301,729.54
Supporting fund for technical reconstruction	7,000,000.00	
Government investment granted		18,447,427.52
Margin	790,941.00	392,623.00
Total	150,058,101.10	133,141,780.06

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4) Cash paid for other activities relating to investment

Item	Current Year	Last Year
Loses of forward exchange settlement	33,008,606.18	4,027,616.05
Tender bond of the project refund	1,551,000.00	
Total	34,559,606.18	4,027,616.05

5) Cash received from other activities relating to financing

Item	Current Year	Last Year
Odd shares returned by stock exchange		3,451.80

6) Cash paid for other activities relating to financing

Item	Current Year	Last Year
Amount refund to minority shareholders due to the cancellation of subsidiary	371,865.42	58,679.33
Handling charge of dividend	135,296.42	98,192.48
Handling charge of private placement	248,000.00	168,000.00
Total	755,161.84	324,871.81

(2) Supplementary of the consolidated cash flow statement

Item	2017	2016
1. Net profit is adjusted to cash flow of operation activities:		
Net profit	36,094,532.71	220,169,534.35
Add: provision for depreciation of assets	50,913,972.56	1,353,446.69
Depreciation of fixed assets, consumption of oil gas assets and depreciation of productive biological assets	134,852,371.89	136,332,022.70
Amortization of intangible assets	56,123,680.61	42,991,580.23
Amortization of long-term retained expense	1,529,915.81	
Loss from disposal of fixed assets, intangible assets and other long term assets(gain is listed with “-”)	8,206,289.88	1,255,433.98
Loss from discarding fixed assets as useless (gain is listed with “-”)		
Loss from change of fair value(gain is listed with “-”)	11,888,232.24	-11,500,963.72
Financial expense (gain is listed with “-”)	-35,623,226.65	-141,444,274.32
Investment loss (gain is listed with “-”)	-102,766,412.15	-14,302,482.67
Decrease of deferred income tax assets (increase is listed with “-”)	-6,424,479.98	-5,822,195.31
Increase of deferred income tax liabilities (decrease is listed with “-”)	-1,809,032.00	1,809,032.00
Decrease of inventories (increase is listed with “-”)	-974,511,402.93	-414,604,157.36
Decrease of operational accounts receivable (increase is listed with “-”)	-1,383,611,294.16	-41,454,447.96
Increase of operational accounts payable (decrease is listed with “-”)	1,817,989,798.16	1,283,989,960.74
Other	-164,354,940.73	-73,381,593.72
Net cash flow arising from operation activities	-551,501,994.74	985,390,895.63

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Item	2017	2016
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 year-end of cash	5,089,765,770.39	3,986,098,419.76
Less: Balance at year-begin of cash	3,986,098,419.76	2,121,161,238.01
Add: Balance at year-end of cash equivalents		
Less: Balance at year-begin of cash equivalents		
Net increase in cash and cash equivalents	1,103,667,350.63	1,864,937,181.75

(3) No net cash paid for subsidiary obtained in the Year

(4) No net cash received from subsidiary disposal in the Year

(5) Cash and cash equivalent

Item	Current Year	Last Year
Cash	5,089,765,770.39	3,986,098,419.76
Including: cash in stock	43,454.93	94,415.53
Bank deposits available for payment at any time.	4,600,242,944.53	3,810,367,022.13
Other monetary fund available for payment at any time	489,479,370.93	175,636,982.10
Cash equivalents		
Including: bond investment due within 3 months		
Balance of cash and cash equivalents at year end	5,089,765,770.39	3,986,098,419.76
Including: using the restricted cash and cash equivalents of the parent company or subsidiary of the group		

60. Assets with ownership or the right to use restricted

Item	Ending Book value	Reasons
Monetary fund	193,316,017.65	Margin
Notes receivable	821,910,267.36	Pledged
Intangible assets ^{Note 1}	19,521,211.26	Pledged
Account receivable ^{Note 2}	203,316,727.65	Pledged
Non-current assets due within one year ^{Note 3}	44,497,902.00	Pledged
Total	1,282,562,125.92	

Note 1: intangible assets mortgaged refer to the land use right pledge, found more in “34. Long term borrowings” under this note VI

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

Note 3: the non-current assets due within one year pledge refers to the fixed deposit pledge, found more

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in 9. Non-current assets due within one year in Note VI

61. Foreign currency

(1) Foreign currency

Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
Monetary fund			
Including:USD	72,688,049.29	6.5342	474,958,251.67
Euro	1,106,018.19	7.8023	8,629,485.72
AUD	2,296,439.53	5.0928	11,695,307.24
Pakistan Ruppi	18,785,742.66	0.05902	1,108,734.53
IDR	17,409,627,799.00	0.00048	8,356,621.34
HKD	306,747.96	0.83591	256,413.69
Account receivable			
Including:USD	86,357,067.49	6.5342	564,274,350.39
Euro	1,383,493.67	7.8023	10,794,432.66
AUD	2,029,645.00	5.0928	10,336,576.06
Pakistan Ruppi	1,656,817,759.57	0.05902	97,785,384.17
IDR	13,892,320,379.00	0.00048	6,668,313.78
Other account receivable			
Including:USD	85,793.08	6.5342	560,589.14
Pakistan Ruppi	6,339,974.85	0.05902	374,185.32
IDR	1,076,944,094.00	0.00048	516,933.17
Account paid in advance			
Including:USD	1,758,153.78	6.5342	11,488,128.43
Euro	5,438,792.07	7.8023	42,435,087.37
Pakistan Ruppi	11,499,519.99	0.05902	678,701.67
Account receivable			
Including:USD	4,485,342.23	6.5342	29,308,123.20
Euro	389,992.08	7.8023	3,042,835.21
Pakistan Ruppi	1,188,105,542.87	0.05902	70,121,989.14
IDR	4,124,953,328.00	0.00048	1,979,977.60
Other account payable			
Including: Pakistan Ruppi	214,658,925.12	0.05902	12,669,169.76
IDR	707,414,190.00	0.00048	339,558.81
HKD	274,434.17	0.83591	229,402.27
Account received in advance			
Including:USD	28,475,990.67	6.5342	186,067,818.24
Euro	330,757.86	7.8023	2,580,672.05
AUD	253,896.00	5.0928	1,293,041.55

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Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
Pakistan Ruppi	8,537,489.66	0.05902	503,882.64
IDR	101,359,459.00	0.00048	48,652.54
Short-term loans			
Including:USD	30,000,000.00	6.5342	196,026,000.00
Non-current assets due within one year			
Including:USD	6,810,000.00	6.5342	44,497,902.00
Non-current liability due within one year			
Including:USD	4,924,000.00	6.5342	32,174,400.80

(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.

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IV. 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
5. Subsidiary liquidated

Subsidiary	Price of the equity disposed	Ratio of the equity disposed	Way of the equity disposed	Time point of control right lose	Determination basis for the time point of control right lose	Difference between the disposal price and proportion of the subsidiary's net assets enjoy in aspect of the consolidated financial statement, which is respond to the disposal investment	Other comprehensive income transferred into investment income, which related with the equity investment of original subsidiary
Xi'an Meizlai Appliances Marketing Co., Ltd.		98.50%	Liquidation cancelled	2017.6	Liquidation completed		
Mianyang Meiling Appliances Marketing Co., Ltd.		100.00%	Liquidation cancelled	2017.12	Liquidation completed		
Lanzhou Meizlai Appliances Marketing Co., Ltd.		100.00%	Liquidation cancelled	2017.7	Liquidation completed		
Hohhot Xiangyou Appliances Marketing Co., Ltd.		95.00%	Liquidation cancelled	2017.12	Liquidation completed		
Hefei Meiling White Household Appliances Co., Ltd.		95.00%	Liquidation cancelled	2017.11	Liquidation completed		
Urumchi Meiling Appliances Marketing Co., Ltd.		90.00%	Liquidation cancelled	2017.10	Liquidation completed		

6. Subsidiary newly established

Subsidiary	Type	Registered place	Business nature	RC (10 thousand Yuan)	Capital actually paid at year-end (10 thousand Yuan)	Other balance that consider as the net investment for subsidiary in nature	Share-holding Ratio (%)	Ratio of voting right (%)	Consolidated (Y/N)	Minority's interest
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Subsidiary	Type	Registered place	Business nature	RC (10 thousand Yuan)	Capital actually paid at year-end (10 thousand Yuan)	Other balance that consider as the net investment for subsidiary in nature	Share-holding Ratio (%)	Ratio of voting right (%)	Consolidated (Y/N)	Minority's interest
Meiling Candy Washing Machine Co., Ltd.	Limited company (Sino-foreign joint venture)	Hefei	Research & development, Sales	15000	7500		60%	60%	Y	29,165,179.88
Guangzhou Changhong Trading Co., Ltd	Limited company	Guangzhou	Trading	100	100		100%	100%	Y	
Zhongshan Hongyou Electric Co., Ltd.	Limited company	Zhongshan	Manufactures, sales	4000	400		60%	60%	Y	2,001,199.09
Zhongshan Hongling Trading Co., Ltd.	Limited company	Zhongshan	Trading	100	100		100%	100%	Y	
Hebei Hongmao Household Appliance Technology Co., Ltd	Limited company	Handan	Manufactures, sales	500	500		100%	100%	Y	
Hongyuan Ground Energy Heat Pump Technology (Zhongshan) Co., Ltd.	Limited company	Zhongshan	Manufactures, sales	1500	1500		51%	51%	Y	8,003,487.62

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V. Equity in other entity

1. Equity in subsidiary

(1) Composition of the enterprise group

Subsidiary	Business area	Registration place	Business nature	Share-holding ratio (%)		Acquire way
				Directly	Indirectly	
Zhongke Meiling Cryogenic Technology Co., Ltd1)	Hefei	Hefei	Manufactures, sales	66.87		Investment
Mianyang Meiling Software Technology Co., Ltd.2)	Mianyang	Mianyang	Software R&D		100.00	Investment
Mianyang Meiling Refrigeration Co., Ltd3)	Mianyang	Mianyang	Manufactures, sales	95.00	5.00	Investment
Jiangxi Meiling Electric Appliance Co., Ltd4)	JDZ	JDZ	Manufactures, sales	98.75	1.25	Investment
Hefei Meiling Appliance Marketing Co., Ltd5)	Hefei	Hefei	Sales	99.82	0.18	Investment
Guangxi Huidian Home Appliance Co., Ltd6)	Nanning	Nanning	Sales		100.00	Enterprise combined under the different control
Wuhu Meiling Appliance Marketing Co., Ltd7)	Wuhu	Wuhu	Sales		98.00	Investment
Changchun Meiling Appliance Marketing Co., Ltd8)	Changchun	Changchun	Sales		100.00	Investment
Jinan Meiling Appliance Marketing Co., Ltd9)	Jinan	Jinan	Sales		91.40	Investment
Nanchang Xiangyou Appliance Marketing Co., Ltd10)	Nanchang	Nanchang	Sales		85.00	Investment
Jinzhou Meiling Appliance Marketing Co., Ltd11)	Jinzhou	Jinzhou	Sales		96.00	Investment
Shenyang Meiling Appliance Marketing Co., Ltd12)	Shenyang	Shenyang	Sales		100.00	Investment
Wuhan Meizhirong Appliance Marketing Co., Ltd13)	Wuhan	Wuhan	Sales		91.00	Investment
Zhengzhou Meiling Appliance Marketing Co., Ltd14)	Zhengzhou	Zhengzhou	Sales		100.00	Investment
Shijiazhuang Meiling Appliance Marketing Co., Ltd15)	Shijiazhuang	Shijiazhuang	Sales		100.00	Investment
Chengdu Meiling Appliance Marketing Co., Ltd16)	Chengdu	Chengdu	Sales		94.80	Investment
Guiyang Meiling Appliance Marketing Co., Ltd17)	Guiyang	Guiyang	Sales		100.00	Investment
Fuzhou Meiling Appliance Marketing Co., Ltd18)	Fuzhou	Fuzhou	Sales		100.00	Investment
Nanjing Meiling Appliance Marketing Co., Ltd19)	Nanjing	Nanjing	Sales		100.00	Investment
Taiyuan Meiling Appliance Marketing Co., Ltd20)	Taiyuan	Taiyuan	Sales		100.00	Investment
Changsha Meiling Appliance Marketing Co., Ltd21)	Changsha	Changsha	Sales		97.00	Investment
Hangzhou Meiling Appliance Marketing Co., Ltd22)	Hangzhou	Hangzhou	Sales		100.00	Investment
Chongqing Meiling Appliance Marketing Co., Ltd23)	Chongqing	Chongqing	Sales		100.00	Investment
Kunming Meiling Appliance Marketing Co., Ltd24)	Kunming	Kunming	Sales		97.50	Investment
Shanghai Meiling Appliance Marketing Co., Ltd25)	Shanghai	Shanghai	Sales		99.00	Investment
Nantong Meiling Appliance Marketing Co., Ltd26)	Nantong	Nantong	Sales		100.00	Investment
Guangzhou Meiling Appliance Marketing Co., Ltd27)	Guangzhou	Guangzhou	Sales		98.00	Investment
Tianjin Meiling Appliance Marketing Co., Ltd28)	Tianjin	Tianjin	Sales		100.00	Investment
Harbin Meiling Appliance Marketing Co., Ltd29)	Harbin	Harbin	Sales		100.00	Investment
Beijing Meiling Appliance Marketing Co., Ltd30)	Beijing	Beijing	Sales		100.00	Investment
Hefei Meiling Nonferrous Metal Products Co., Ltd31)	Hefei	Hefei	Manufactures, sales		100.00	Enterprise combined under the different control

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Subsidiary	Business area	Registration place	Business nature	Share-holding ratio (%)		Acquire way
				Directly	Indirectly	
Guangdong Changhong Ridian Technology Co., Ltd.32)	Zhongshan	Zhongshan	Manufactures, sales	99.855		Enterprise combined under the same control
Changmei Technology Co., Ltd.33)	Mianyang	Mianyang	Sales	95.00		Investment
CHONGHONG MEILING ELECTRIC INDONESIA PT 34)	Jakarta	Jakarta	Sales		100.00	Investment
Changhong Ruba Trading Company (Private) Limited 35)	Pakistan	Pakistan	Sales		60.00	Investment
Sichuan Changhong Air Conditioner Co., Ltd.36)	Mianyang	Mianyang	Manufactures, sales	100.00		Enterprise combined under the same control
Zhongshan Changhong Home Appliances Company Limited37)	Zhongshan	Zhongshan	Manufactures, sales	90.00	10.00	Enterprise combined under the same control
Hefei Meiling Group Holding Co., Ltd.38)	Hefei	Hefei	Manufactures, sales	100.00		Enterprise combined under the different control
Meiling Equator Appliance (Hefei) Co., Ltd.39)	Hefei	Hefei	Manufactures, sales		100.00	Enterprise combined under the different control
Hefei Equator Appliance Co., Ltd.40)	Hefei	Hefei	Manufactures, sales		100.00	Enterprise combined under the different control
Hongyuan Ground Energy Heat Pump Technology Co., Ltd.41)	Mianyang	Mianyang	Manufactures, sales		51.00	Investment
Hongyuan Ground Energy Heat Pump Technology (Zhongshan) Co., Ltd.42)	Zhongshan	Zhongshan	Manufactures, sales		51.00	Investment
Meiling Candy Washing Machine Co., Ltd.43)	Hefei	Hefei	Manufactures, sales		60.00	Investment
Guangzhou Changhong Trading Co., Ltd.44)	Guangzhou	Guangzhou	Sales		100.00	Investment
Zhongshan Hongyou Electric Co., Ltd.45)	Zhongshan	Zhongshan	Manufactures, sales		60.00	Investment
Zhongshan Hongjing Trading Co., Ltd.46)	Zhongshan	Zhongshan	Sales		100.00	Investment
Hebei Hongmao Household Appliance Technology Co., Ltd.47)	Handan	Handan	Manufactures, sales		100.00	Investment

Note:

1) Zhongke Meiling Cryogenic Technology Company Limited (hereinafter referred to as Zhongke Meiling), the predecessor of which was Zhongke Meiling Cryogenic Technology Limited Liability Company, was established on 29 October 2002 by joint contribution from the Company and Technical Institute of Physics and Chemistry, CAS (“TIPC”), with registered capital of RMB60 million upon the establishment, among which, the Company made capital contribution of RMB42 million (including the assets in specie at the consideration of RMB35,573,719.70 as evaluated by Beijing Zhongzheng Appraisal Co., Ltd. with issuance of the Appraisal Report (ZZPBZ(2002)No.029) and cash contribution of RMB6,426,280.30) accounting for 70% of the aforesaid registered capital, and TIPC made capital contribution of RMB18 million with intangible assets of such value (namely the single compressor mixture industrial low temperature refrigeration technology) as evaluated by Jingzhongzi Assets Appraisal Co., Ltd. with issuance of the Appraisal Report (ZZPBZ(2002)No.225) accounting for 30% of the aforesaid registered capital. The paid-in of the above registered capital has been verified by Huazheng Accounting Firm by issuance of the Assets

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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 meeting of the 7th Board of Directors of Hefei Meiling Co., Ltd, it is agreed to waive the pre-emptive right.

On 10 August 2015, all the founders signed the Founder Agreement of Zhongke Meiling Cryogenic Technology Company Limited, pursuant to which, they decided to change the firm type of Zhongke Meiling Cryogenic Technology Company Limited to a joint stock company. Based on the net assets of RMB96,431,978.25 as audited by Xinyong Zhonghe CPA as of 30 June 2015, an aggregate of 65,000,000 shares have been converted at the proportion of 1:0.67, which are to be held by the original shareholders according to their respective entitlement. In case that the net assets exceed registered capital, the balance shall be recorded in capital reserve. On 28 August 2015, Xinyong Zhonghe CPA reviewed the registered capital and paid-in thereof in respect of the stock reform, and issued Assets Verification Report (XYZH/2015CDA40161). The Company registered industrial and commercial information on 11 September 2015.

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

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

2) Mianyang Meiling Software Technology Co., Ltd. (hereinafter referred to as Meiling Software) was established on Jan. 24, 2014. It is a limited company jointly invested by the Company and Mianyang Meiling

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Refrigeration Co., Ltd., being approved by the Industrial and Commerce Bureau of Peicheng District, Mianyang City. The company owes registered capital of RMB 5 million, including RMB 4.95 million contributed by Meiling Company in cash, accounted for 99% of the registered capital; Mianyang Meiling Refrigeration Co., Ltd. contributed RMB 50000 in cash with 1% of the register capital occupied. The above mentioned register capital have been verified by verification report of Chuanjinlai Yanzi No.[2014] B039 issued by Sichuan Jinlai Accounting Firm Co., Ltd. In July 2016, the shares of Mianyang Meiling Software Technology Co., Ltd., held by the Company has transferred to Sichuan Changhong AC Co., Ltd., after transferred, Changhong AC has 99% equity of Mianyang Software, the Company has no shares of Mianyang Software directly

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

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

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issued from JDZ Xingci CPA Co., Ltd.

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

6) Guangxi Huidian Home Appliance Co., Ltd. (hereinafter referred to as Guangxi Huidian) established in March 2010 with registered capital of RMB 5 million. The Company invested RMB 1 million, accounted for 20% of the registered capital; Meiling Marketing acquired 44% equity interests from the minority shareholders in 2014. In 2015, Meiling Marketing and Jiangxi Meiling Appliances entered into equity transfer agreements with minority shareholders respectively, to acquire as the transferees the 35.6% and 0.4% equity interests of Guangxi Weidian held by minority shareholders. Upon completion of equity transfer in April 2015, Meiling Marketing and Jiangxi Meiling Appliances held the entire equity interests of Guangxi Weidian as a whole.

7) Wuhu Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Wuhu Meiling) was established dated 24 December 2010 with registered capital of RMB 6 million; the Company invested RMB 2.16 million, accounted for 36% of the registered capital. After Meiling Marketing acquired 65% equity interests from the minority shareholders in 2014, Meiling Marketing the Company totally holds 98% equity of the Wuhu Meiling;

8) Changchun Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Changchun Meiling) was established dated 22 December 2010 with registered capital of RMB 3million; Meiling Marketing invested RMB 2.91 million, accounted for 97% of the registered capital; in 2017, after acquiring 3% equity from the minority, Meiling Marketing holds 100% equity of Changchun Meiling in total.

9) Jinan Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Jinan Meiling) was established dated 3 June 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.08 million, accounted for 36% of the registered capital; after Meiling Marketing acquired 55.4% equity interests from the minority shareholders in 2015, Meiling Marketing totally holds 91.4% equity of the Jinan Meiling.

10) Nanchang Xiangyou Appliance Marketing Co., Ltd. (hereinafter referred to as Nanchang Xiangyou) was

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established dated 5 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.08 million, accounted for 36% of the registered capital. After acquired 49% equity interests from the minority shareholders in 2014, Meiling Marketing totally holds 85% equity of Nanchang Xiangyou.

11) Jingzhou Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Jingzhou Meiling) was established dated 10 January 2011 with registered capital of RMB 4 million; Meiling Marketing invested RMB 2.4 million, accounted for 60% of the registered capital. In 2013, the Company purchased 20% equity from minority; After Meiling Marketing acquired 1% equity interests from the minority shareholders in 2014, Meiling Marketing acquired 15% equity interests from the minority shareholders in 2016, Meiling Marketing totally holds 96% equity of Jingzhou Meiling.

12) Shengyang Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Shengyang Meiling) was established dated 26 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.844 million, accounted for 94.8% of the registered capital. After Meiling Marketing acquired 5.2% equity interests from the minority shareholders in 2016, Meiling Marketing totally holds 100% equity of Shenyang Meiling.

13) Wuhan Meizirong Appliance Marketing Co., Ltd. (hereinafter referred to as Wuhan Meizirong) was established dated 10 January 2011 with registered capital of RMB 5 million; Meiling Marketing invested RMB 4.55 million, accounted for 91% of the registered capital.

14) Zhengzhou Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Zhengzhou Meiling) was established dated 17 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.08 million, accounted for 36% of the registered capital. In 2013, Meiling Marketing purchased 10% equity from minority; Meiling Marketing signed equity transfer agreement with the minority shareholders in April 2015, to acquire as the transferee the 39% equity interests of Zhengzhou Meiling held by minority shareholders, Meiling Marketing acquired 10% equity interests from the minority shareholders in February 2016; and after acquiring 5% equity from minority in 2017, Meiling Marketing totally holds 100% equity of Zhengzhou Meiling.

15) Shijiazhuang Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Shijiazhuang Meiling) was established dated 14 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.08 million, accounted for 36% of the registered capital; After Meiling Marketing acquired 27.33% equity held by the minority in 2014, holding 63.33% equity of the Shijiazhuang Meiling; After acquired 32% equity held by the minority in 2015 and acquiring 4.67% equity from minority in 2017, Meiling Marketing totally holds 100% equity of Shijiazhuang Meiling.

16) Chengdu Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Chengdu Meiling) was established dated 26 January 2011 with registered capital of RMB 5 million; Meiling Marketing invested RMB 4.17 million, accounted for 83.4% of the registered capital; After Meiling Marketing purchased 9% equity

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from minority in 2015, and purchased 0.8% equity from minority in 2016, Meiling Marketing totally holds 94.8% equity of Chengdu Meiling.

17) Guiyang Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Guiyang Meiling) was established dated 24 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 0.78 million, accounted for 26% of the registered capital; after Meiling Marketing purchased 18% equity from minority in 2013, Meiling Marketing purchased 42% equity from minority in 2015, Meiling Marketing purchased 14% equity from minority in 2016, Meiling Marketing held in aggregate the 100% equity interests of Guiyang Meiling.

18) Fuzhou Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Fuzhou Meiling) was established dated 25 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.97 million, accounted for 99% of the registered capital; in 2017, after acquiring 1% equity from the minority, Meiling Marketing holds 100% equity of Fuzhou Meiling in total.

19) Nanjing Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Nanjing Meiling) was established dated 14 Feb. 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.97 million, accounted for 99% of the registered capital; in 2017, after acquiring 1% equity from the minority, Meiling Marketing holds 100% equity of Nanjing Meiling in total.

20) Taiyuan Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Taiyuan Meiling) was established dated 18 January 2011 with registered capital of RMB 4 million; Meiling Marketing invested RMB 1.59 million, accounted for 39.75% of the registered capital; after Meiling Marketing purchased 45.5% equity from minority in 2013, after purchased 14.75% equity from minority in 2016, Meiling Marketing totally holds 100% equity of the Taiyuan Meiling.

21) Changsha Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Changsha Meiling) was established dated 26 January 2011 with registered capital of RMB 5 million; Meiling Marketing invested RMB 1.8 million, accounted for 36% of the registered capital; the Company entered into equity transferred agreement with minority shareholders in 2014, transferred 50% equity of Changsha Meiling held by the minority, after purchased 11% equity from minority in 2016, Meiling Marketing totally holds 97% equity of Changsha Meiling.

22) Hangzhou Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Hangzhou Meiling) was established dated 17 Feb. 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.655 million, accounted for 88.5% of the registered capital; Meiling Marketing signed equity transfer agreement with the minority shareholders in 2015, to acquire as the transferee the 6.5% equity interests of Hangzhou Meiling held by minority shareholders. Upon completion of such equity transfer in February 2015, Meiling Marketing held in aggregate the 95% equity interests of Hangzhou Meiling; in 2017, after acquiring 5% equity from the minority, Meiling Marketing holds 100% equity of Hangzhou Meiling in total.

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23) Chongqing Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Chongqing Meiling) was established dated 1 March 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.55 million, accounted for 85% of the registered capital; After Meiling Marketing purchased 13% equity from minority in 2015 and 2% equity in 2017, Meiling Marketing totally holds 100% equity of Chongqing Meiling.

24) Kunming Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Kunming Meiling) was established dated 28 Feb. 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.395 million, accounted for 46.5% of the registered capital; after Meiling Marketing purchased 40% equity from minority in 2013, and 9% equity in 2016 as well as 2% equity in 2017, Meiling Marketing totally holds 97.5% equity of the Kunming Meiling.

25) Shanghai Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Shanghai Meiling) was established dated 9 March 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.97 million, accounted for 99% of the registered capital.

26) Nantong Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Nantong Meiling) was established dated 8 March 2011 with registered capital of 3 million Yuan; Meiling Marketing invested 1.74 million Yuan, accounted for 58% of the registered capital; In 2013, after Meiling Marketing purchased 34% equity from minority, after acquiring 8% from minority by Meiling Marketing, 100% equity of the Nantong Meiling in total are hold by Meing Marketing.

27) Guangzhou Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Guangzhou Meiling) was established dated 13 May 2011 with registered capital of 5 million Yuan; Meiling Marketing invested 4.3 million Yuan, accounted for 86% of the registered capital; after Meiling Marketing acquired 12% equity interests from the minority shareholders in 2014, Meiling Marketing totally held the 98% equity interests of Guangzhou Meiling.

28) Tianjin Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Tianjin Meiling) was established dated 2 March 2011 with registered capital of 3 million Yuan; Meiling Marketing invested 2.565 million Yuan, accounted for 85.5% of the registered capital; In 2015, Meiling Marketing and Jiangxi Meiling Appliances entered into equity transfer agreements with minority shareholders respectively, to acquire as the transferees the 14.1% and 0.4% equity interests of Guangxi Weidian held by minority shareholders. Upon completion of equity transfer in December 2015, Meiling Marketing totally held the entire equity interests of Tinjian Meiling.

29) Harbin Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Harbin Meiling) was established dated 6 April 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.08 million, accounted for 36% of the registered capital; Meiling Marketing acquired 41.5% equity interests from the minority shareholders in 2014, Meiling Marketing acquired 17.5% equity interests from the

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minority shareholders in 2015, Meiling Marketing totally held the 95% equity interests of Harbin Meiling; in 2017, after acquiring 5% equity from the minority shareholders, Meiling Marketing holds 100% equity of the Harbin Meiling in total.

30) Beijing Meiling Appliance Marketing Co., Ltd. (hereinafter referred to as Beijing Meiling) was established dated 28 March 2011 with registered capital of 3 million Yuan; Meiling Marketing invested 2.97 million Yuan, accounted for 99% of the registered capital; in 2017, after acquiring 1% equity from the minority shareholders, Meiling Marketing holds 100% equity of the Beijing Meiling in total.

31) 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 RMB 24,286,808.00 after transference, and was not the joint-venture any more.

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

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invested 40 million Yuan , accounting for 48.19%; Sichuan Changhong Innovation Investment Co., Ltd. Invested 8 million Yuan , accounting for 9.64%; Kou Huameng and other 9 natural person shareholders invested 1.2 million Yuan , accounting for 1.45%. The change of registered capital was verified by Zhongshan Promise Accounting Firm [No. ZCHZ (2007)501010].

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

On October 9, 2014, Changhong Ridian held the shareholders meeting which considered and agreed Kou Huameng to transfer its stock rights of total 250,000 Yuan which accounts for 0.301% of the Changhong Ridian's registered capital to Sichuan Changhong Innovation Investment Co., Ltd. at the cost of 317,802 Yuan . The other shareholders of the Changhong Ridian waived the right of pre-emption. On December 11, 2014, Changhong Ridian held the shareholders meeting which considered and agreed Guangdong Xiongfeng Electric Co., Ltd. to transfer its stock rights of total 40 million Yuan which accounts for 48.19 % of the company's registered capital to Sichuan Changhong Electric Co., Ltd. at the cost of 43,977,300 Yuan . The other shareholders of the Changhong Ridian waived the right of pre-emption. The structure of registered capital after changes was that Sichuan Changhong invested 73.8 million Yuan, accounting for 88.92%; Sichuan Changhong Innovation 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 Innovation Investment Co., Ltd. transferred total 98.855% equity of the Changhong Ridian to the Company. After the transfer, the Company directly holds 98.855% stock rights of Changhong Ridian.

33) Changmei Technology Co., Ltd. (hereinafter referred to as Changmei Technology) was invested and set up on May 12, 2016 in order to promote intelligent transformation and implement the company's intelligent life project according to the company's strategic planning and business development needs. Changmei Technology has registered capital of 50 million Yuan , of which the Company subscribed and paid 45 million Yuan in cash, accounting for 90% of the registered capital, and Changmei Management Group team subscribed and paid 5 million Yuan in cash, accounting for 10% of the registered capital. According to the resolution of 1st, 2nd and 3rd shareholders meeting of 2017 under the name of Changmei Technology, and the 4th session of 1st BOD, after acquiring part of the minority shares, the Company holds 95% equity of the Changmei Technology in total.

34) CHANGHONG MEILING ELECTRIC INDONESIA, PT.(hereinafter referred to as Indonesia Changhong for short) is a subsidiary established in Indonesia and jointly invested by Zhongshan Changhong and Sichuan Changhong in 2016, the company's registered capital is 6 million US dollars, of which

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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.

35) Changhong Ruba Trading Company (Private) Limited (hereinafter referred to as Changhong Ruba) was a joint venture established by Zhongshan Changhong Appliances Company Limited and RUBA GENERAL TRADING FZE Company (“RUBA”) on 5 August 2011 with the approval from Guangdong Development and Reform Commission by issuance of the Approval Relating to Joint Construction of a Manufacturing and Selling Platform Project in Pakistan by Zhongshan Changhong Appliances Company Limited (YFGWZ(2011)958). The resolution of the second extraordinary shareholders' meeting of Zhongshan Changhong in 2016 passed the "Proposal on the Company's Capital Increase to Changhong Ruba Trading Company (Private) Limited", and agreed that the company and 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%.

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

37) Zhongshan Changhong Home Appliances Company Limited (hereinafter referred to as Zhongshan Changhong), was the original Guangdong Changhong Electric Co., Ltd., and is a limited liability company jointly set up by Sichuan Changhong and China Minmetals on May 22, 2001. Its registered capital was RMB 80 million upon establishment, of which, Sichuan Changhong invested RMB 72 million, including RMB 69.3 million bidding for the estate/ non-estate from original Zhongshan Sanrong Air-conditioner Co., Ltd. And its patent use-right of RMB2.7 million, accounting for 90% of the registered capital; China Minmetals invested RMB 8 million in monetary capital accounting 10% of the registered capital. The Company changed

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its name originally from Guangdong Changhong Electric Co., Ltd in July 2003. In December 2009, the Company obtained 90% equity of Zhongshan Changhong by consolidated under same control. 10% equity held by China Minmetals has been transferred by Changhong Air-conditioner on April 11, 2010. On 25 May 2014, the Company increased RMB 36 million to Zhongshan Changhong, and Changhong AC increased RMB 4 million. In 2016, according to the overseas development strategy of the Company and the development and operation needs of the subsidiaries, the Company and the wholly-owned subsidiary Changhong Air Conditioning have increased capital of RMB 64 million Yuan to Zhongshan Changhong according to the existing shareholding ratio, among which the capital increase of the Company was RMB 57.6 million Yuan , and the capital increase of Changhong Air Conditioning was RMB 6.4 million Yuan . After the completion of this capital increase, the registered capital Zhongshan Changhong shall increase to RMB 184 million Yuan , the shareholding ratio of the company and Changhong Air Conditioning remained unchanged and was still 90% and 10%, of which the Company invested 165.6 million Yuan , accounting for 90% of the registered capital, Changhong Air Conditioning invested 18.4 million Yuan , accounting for 10% of the registered capital.

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

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

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

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

42) Hongyuan Ground Energy Heat Pump Technology (Zhongshan) Co., Ltd. was established and invested on 18 July 2017 with registered capital of 15 million Yuan, The Hongyuan Ground Energy Heat Pump Technology Co., Ltd (hereinafter referred to as Hongyuan Ground Energy) contributed 1.5 million Yuan with own funds and takes 100% in the registered capital.

43) Meiling Candy Washing Machine Co., Ltd. (hereinafter referred to as Meiling Candy) was established and registered on 27 April 2017, which was contributed by the Company and Candy Hoover Group S.r.l. together. Registered capital counted as 150 million Yuan, including 90 million Yuan invested by the Company, a 60% in registered capital.

44) Zhongshan Changhong Trading Co., Ltd. (hereinafter referred to as Changhong Trading) was established on 6 January 2017, it is the wholly-owned subsidiary of Zhongshan Changhong Home Appliances Company Limited(hereinafter referred to as Zhongshan Changhong) with registered capital of one hundred million Yuan.

45)Zhongshan Hongyou Electric Co., Ltd. (“Hongyou Electric”) was established on 11 May 2017 with registered capital of RMB40 million, among which, Zhongshan Changhong Home Appliances Company Limited (“Zhongshan Changhong”) invested capital of RMB24 million on its own accounting for 60% of the registered capital; Zhuhai Sanyou Environment Technology Co., Ltd. invested capital of RMB16 million on its own accounting for 40% of the registered capital.

46) Zhongshan Hongling Trading Co., Ltd. (hereinafter referred to as Hongling Trading) was established on 5 December 2016 with registered capital of one hundred million Yuan. The Guangdong Changhong Ridian Technology Co., Ltd. contributed one hundred million Yuan with own funds and takes 100% in the registered

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capital.

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

(2) Major non-wholly-owned subsidiary

Subsidiary	Shareholding of minority	Gains/losses attributable to minority in the Year	Dividend distributed to minority announced in the Year	Balance of minority's interest at year-end
Meiling Candy	40.00%	-834,820.12		29,165,179.88
Changmei Tech.	5.00%	-869,126.80		661,078.92
Zhongke Meiling	33.13%	4,139,998.29		41,737,202.82
Hongyuan Ground Energy	49.00%	-1,719,489.87		8,003,487.62
Changhong Ridian	1.14%	131,929.57		1,380,869.01

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

Subsidiary	Ending balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Meiling Candy	186,327,159.16	595,603.59	186,922,762.75	114,009,813.05		114,009,813.05
Changmei Tech.	14,227,901.53	7,276,673.50	21,504,575.03	7,839,977.68	446,504.35	8,286,482.03
Zhongke Meiling	137,621,171.43	129,960,368.99	267,581,540.42	136,808,504.89	4,791,666.67	141,600,171.56
Hongyuan Ground Energy	153,447,662.99	20,035,926.82	173,483,589.81	153,196,254.08	3,953,687.53	157,149,941.61
Changhong Ridian	258,631,530.72	58,759,575.56	317,391,106.28	196,746,760.43		196,746,760.43

(Continued)

Subsidiary	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Meiling Candy						
Changmei Tech.	13,837,747.09	3,202,239.36	17,039,986.45	4,985,892.09		4,985,892.09
Zhongke Meiling	95,736,799.26	79,041,552.96	174,778,352.22	56,884,199.81	5,000,000.00	61,884,199.81
Hongyuan Ground Energy	94,131,015.35	214,113.11	94,345,128.46	74,502,317.25		74,502,317.25
Changhong Ridian	201,344,325.02	59,154,559.91	260,498,884.93	151,381,017.63		151,381,017.63

(Continued)

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Subsidiary	Current Year			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Meiling Candy	277,854,553.21	-2,087,050.30	-2,087,050.30	-39,773,751.02
Changmei Tech.	17,810,174.84	-13,495,001.36	-13,495,001.36	-15,043,776.44
Zhongke Meiling	143,090,796.12	12,482,579.70	12,482,579.70	57,581,102.60
Hongyuan Ground Energy	558,282,516.59	-3,509,163.01	-3,509,163.01	7,690,824.95
Changhong Ridian	475,756,667.69	11,526,478.55	11,526,478.55	-1,322,277.27

(Continued)

Subsidiary	Last Year			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Meiling Candy				
Changmei Tech.	9,475,992.16	-7,417,905.64	-7,417,905.64	-6,307,725.99
Zhongke Meiling	93,528,664.17	8,112,300.61	8,112,300.61	17,598,849.36
Hongyuan Ground Energy	43,213,417.74	512,958.11	512,958.11	18,468,908.62
Changhong Ridian	495,075,275.53	17,264,471.30	17,264,471.30	81,480,606.59

(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

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

Item	Zhongke Meiling	Changmei Tech.	Shijiazhuang Meiling	Mianyang Meiling	Kunming Meiling	Chongqing Meiling	Beijing Meiling	Changchun Meiling	Hangzhou Meiling	Zhengzhou Meiling	Fuzhou Meiling	Nanjing Meiling	Nantong Meiling	Harbin	Total
Original ratio of shares held	66.76%	95.00%	95.33%	93.80%	95.50%	98.00%	99.00%	97.00%	95.00%	95.00%	99.00%	99.00%	92.00%	95.00%	
Equity purchased from minority	0.59%	-2.56%	4.67%	6.20%	2.00%	2.00%	1.00%	3.00%	5.00%	5.00%	1.00%	1.00%	8.00%	5.00%	
Share issuance	-0.48%														
Ratio of shares held at period-end	66.87%	92.44%	100.00%	100.00%	97.50%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Cost of purchasing minority equity	652,000.00		1	5	4	1	1	1	1	3	1	1	1	1	652,021.00
Less: Ratio of the net assets measured by equity ratio while acquiring the subsidiary	697,201.87	-383,967.69	-97,380.39	412,939.39	-20,037.95	-48,991.17	-381,676.73	-170,960.56	-735,435.01	-769,777.59	-119,653.94	-117,860.92	-441,685.90	-156,586.55	-2,333,873.14
Equity dilution for shares issuance	168,822.44														168,822.44
Balance	123,620.57	383,967.69	97,381.39	-412,934.39	20,041.95	48,992.17	381,677.73	170,961.56	735,436.01	769,780.59	119,654.94	117,861.92	441,686.90	156,587.55	3,154,716.58
Including: Capital public reserve adjusted	-123,620.57	-383,967.69	-97,381.39	412,934.39	-20,041.95	-48,992.17	-381,677.73	-170,961.56	-735,436.01	-769,780.59	-119,654.94	-117,861.92	-441,686.90	-156,587.55	-3,154,716.58

On 15 August 2017, the Company acquired minority interest of Zhongke Meiling. The difference between the new acquired long-term equity investment and share of the subsidiary's net assets which are calculated on a continuous basis since the acquisition date based on the increased shareholding proportion is RMB45,201.87, which is accounted as capital reserve. After the transfer of equity interest, the Company's shareholding proportion changed to 63.75%.

On 15 September 2017, the subsidiary Zhongke Meiling held the 4th extraordinary general meeting of 2017 to consider and approve the Resolution Relating to the First Issue of Shares by Cryogenic

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Technology Co., Ltd. in 2017, for which, the Company waived the pre-emptive right. This issue involves total shares of 490,300 of Zhongke Meiling. After this issue, the shareholding of the Company in Zhongke Meiling was reduced to 66.87%. The difference between share of the subsidiary's net assets after the issue of shares based on the new shareholding proportion and the share of the subsidiary's net assets prior to the issue of shares based on the original shareholding proportion is RMB -168,822.44, which is accounted as capital reserve.

Changmei Technology Co., Ltd. acquired minority interests in 2017. The difference between the new acquired long-term equity investment and share of the subsidiary's net assets which are calculated on a continuous basis since the acquisition date based on the increased shareholding proportion is RMB -383,967.69, which is accounted as capital reserve.

The balance between the newly achieved long-term equity investment by purchasing stock rights of minority shareholders of some marketing subsidiaries and the net asset shares held by the subsidiary continuously calculated from the purchase date and calculated by the newly increased shareholding ratio was -2,647,128.32 Yuan, and should be included in the capital reserve.

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3. Equity in joint venture or affiliated enterprise

(1) Major joint venture or affiliated enterprise

Joint venture or affiliated enterprise	Main office place	Register place	Business nature	Share holding (%)		Accounting treatment for investment of joint venture or affiliated enterprise
				Directly	Indirectly	
Affiliated enterprise:						
1.ChanghongRubaElectricCompany (Private)Ltd.	Lahore, Pakistan	Lahore	Manufactures, sales		40.00	Equity
2.Hefei Xingmei Assets Management Co., Ltd.	Hefei	Hefei	Rental, agency	48.28		Equity
3.Sichuan Zhiyijia Network Technology Co., Ltd.	Mianyang	Mianyang	Sales	30.00		Equity
4.Hongyuan Ground Energy Heat Technology Co., Ltd.	Mianyang	Mianyang	R & D, sales, after-sales		49.00	Equity
5.Sichuan Tianyou Guigu Technology Co., Ltd.	Mianyang	Mianyang	Manufactures, sales		25.00	Equity
6.Chengdu Tianyou Guigu Environmental Tech. Co., Ltd.	Chengdu	Chengdu	R&D, manufacturing and sales		25.00	Equity

(2) Financial information for major Joint venture: Nil

(3) Financial information for affiliated enterprise

Item	Ending balance / Current Year					
	ChanghongRubaElectricCompany(Private)Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hongyuan Ground Energy Heat Technology Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.	Chengdu Tianyou Guigu Tech. Co., Ltd.
Current assets:	101,602,298.41	3,458,484.59	2,008,498,235.31	60,968,256.51	21,724,066.16	21,783,093.01
Including: cash and cash equivalent	1,684,706.95	3,286,834.15	1,060,479,965.90	371,164.93	16,267,337.47	10,662,530.54
Non-current assets	78,294,101.64	19,165,528.20	12,785,020.28	22,196,510.71	22,653,214.86	14,763,246.75
Total assets	179,896,400.05	22,624,012.79	2,021,283,255.59	83,164,767.22	44,377,281.02	36,546,339.76
Current liability	101,946,761.66	467,877.65	1,968,696,873.26	36,418,439.29	10,560,118.93	5,616,492.78
Non-current liability			1,100,000.00			
Total liabilities	101,946,761.66	467,877.65	1,969,796,873.26	36,418,439.29	10,560,118.93	5,616,492.78
Minority's interest				94,732.30		
Equity attributable to shareholder of parent company	77,949,638.39	22,156,135.14	51,486,382.33	46,651,595.63	33,817,162.09	30,929,846.98
Share of net assets measured by shareholding	32,980,844.78	10,696,982.04	15,445,914.69	22,859,281.86	8,454,290.52	7,732,461.75
Adjustment time						
-Goodwill						3,887,027.34
Unrealized profit of the internal downstream transactions	5,088,527.78		4,750,343.71	1,714,308.77	5,425.01	1,843.72

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Unrealized profit of the internal upstream transactions	38,317.94					
Other						
Book value of the equity investment for affiliate	27,930,634.94	10,696,982.04	10,695,570.98	21,144,973.09	8,448,865.51	11,617,645.36
Fair value of equity investment for the affiliates with consideration publicly						
Operation income	212,999,989.11	300,194.18	4,370,072,582.79	58,655,187.06	2,795,228.37	10,528,831.02
Financial expenses	5,983,098.16	-10,564.98	-21,149,435.34	310,303.64	-617,995.91	-296,615.91
Income tax expenses	2,420,332.80		9,953,258.77	24,574.36		
Net profit	-5,238,761.17	-3,516,608.01	14,491,149.92	-6,449,734.18	2,720,616.95	-5,097,364.17
Net profit of discontinuing operation						
Other comprehensive income	-9,395,466.24					
Total comprehensive income	-14,634,227.41	-3,516,608.01	14,491,149.92	-6,449,734.18	2,720,616.95	-5,097,364.17
Dividend received from affiliates in the Year						

(Continued)

Item	Opening balance / Last Year				
	Changhong Ruba Electric Company (Private) Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hongyuan Ground Energy Heat Technology Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.
Current assets:	53,816,804.37	4,306,112.28	1,082,166,887.90	110,218,752.45	46,813,516.00
Including: cash and cash equivalent	3,218,558.81	4,230,072.28	432,181,490.05	3,089,747.24	36,370,617.75
Non-current assets	87,139,096.04	22,951,140.57	14,581,224.90	4,316,949.46	42,568,210.38
Total assets	140,955,900.41	27,257,252.85	1,096,748,112.80	114,535,701.91	89,381,726.38
Current liability	51,373,683.63	1,584,509.70	1,058,052,880.39	61,339,639.80	54,110,854.39
Non-current liability			1,700,000.00		4,078,409.09
Total liabilities	51,373,683.63	1,584,509.70	1,059,752,880.39	61,339,639.80	58,189,263.48
Minority's interest				113,729.76	
Equity attributable to shareholder of parent company	89,582,216.78	25,672,743.15	36,995,232.41	53,082,332.35	31,192,462.90
Share of net assets measured by shareholding	35,832,886.70	12,394,800.39	11,098,569.71	26,010,342.85	7,798,115.73
Adjustment time					
-Goodwill					
Unrealized profit of the internal downstream transactions	6,783,242.24		1,718,196.04	3,239,277.40	15,398.22
Unrealized profit of the internal upstream transactions	265,029.89				
Other					
Book value of the equity investment	29,314,674.36	12,394,800.39	9,380,373.67	22,771,065.45	7,782,717.50

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for affiliate					
Fair value of equity investment for the affiliates with consideration publicly					
Operation income	123,489,213.94	1,140,362.57	3,453,729,444.24	186,783,858.84	6,509,473.40
Financial expenses	171,233.87	-4,426.04	-10,069,596.05	-48,439.86	-1,241,884.84
Income tax expenses			1,001,622.63		
Net profit	-7,067,882.80	-934,690.76	12,027,151.46	2,990,569.80	-10,086,049.29
Net profit of discontinuing operation					
Other comprehensive income	6,028,246.66				
Total comprehensive income	-1,039,636.14	-934,690.76	12,027,151.46	2,990,569.80	-10,086,049.29
Dividend received from affiliates in the Year					

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

Item	Ending balance / Current Year	Opening balance / Last Year
Affiliate:		
Total book value of investment		
Total amount measured by shareholding ratio		
--net profit	-6,505,292.40	-10,437,028.50
--Other comprehensive income		
-- Total comprehensive income	-6,505,292.40	-10,437,028.50

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

(6) Excess loss occurred in joint venture or affiliates: Nil

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

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

4. Major conduct joint operation: Nil

5. Structured body excluding in consolidate financial statement: Nil

VI. Relevant risks related with financial instrument

The major financial instruments of the Company include borrowings, account receivables, account payables, transactional financial assets, transactional financial liabilities, the details of which are set out in Note 6. Risks related to these financial instruments include exchange risks and interest rate risks. The management of the Company controls and monitors the risk exposures to ensure the above risks are under control.

In connection with exchange risks, in order to prevent from exchange risks arising from foreign currency transaction amount, foreign currency dominated loans and interest expenditure, the Company entered into several forward exchange contracts with banks. Fair value of the forward exchange contract which has been recognized as derivative financial instrument as of 31 December 2016 has been included in profits and losses. As export business is increasing, if risks that are out of control of the Company occur such as appreciation of RMB, the Company will mitigate the relevant risks by adjusting its sales policy.

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The Company's interest rate risk arises from bank borrowings and interest-bearing debt. Financial liabilities at floating rate expose the Company to cash flow interest rate risk, and financial liabilities at fixed rate expose the Company to fair value interest rate risk. The Company will determine the respective proportion of contracts at fixed and floating rates based on the prevailing market conditions. As of 31 December 2017, the interest-bearing debts mainly referred to borrowing contracts at floating rate denominated in RMB with total amount of 1,675,980,000.00 Yuan, the floating rate loan contract measured by RMB amounted as 12,360,000.00 Yuan in total; borrowing contracts at fixed rate denominated in USD with total amount of 228,200,400.80 Yuan. Risks relating to change of fair value of financial instruments arising from movement of interest rate mainly related to bank borrowings at fixed rate. As for borrowings at fixed rate, the Company aims to keep its floating rate. Risks relating to change of cash flow of financial instruments arising from movement of interest rate mainly related to bank borrowings at floating rate. The Company establishes its policy to keep floating rate for these borrowings so as to eliminate fair value risk arising from movement of interest rate.

VII. Fair value disclosure

1. Asset and liability measured by fair value at end of the year and fair value measurement level

Item	Fair value at year-end			
	1 st level	2 nd level	3 rd level	Total
Financial assets measured by fair value and with variation reckoned into current gains/losses				
1. Transactional financial assets				
(1) Derivative financial assets		15,646,731.48		15,646,731.48
Financial liabilities measured by fair value and with variation reckoned into current gains/losses				
1. Transactional financial liabilities				
(1) Derivative financial liabilities		16,034,000.00		16,034,000.00

The derivative contract is measured by fair value on 2nd level, which is the real-time quote on foreign exchange market on balance sheet date

VIII. Related parties and related transaction

(I) Relationship of related parties

1. Controlling shareholder and ultimate controller

(1) Controlling shareholder and ultimate controller

Controlling shareholder and ultimate controller	Registration place	Business nature	Registered capital	Share-holding ratio in the Company	Voting rights ratio in the Company
Sichuan Changhong Electric Co., LTD	Mianyang	Manufacture and sales	4,616,244,222	25.43%	25.43%

Sichuan Changhong Electronic Holding Group is the controlling shareholder of Sichuan Changhong Electric Co., LTD, and the SASAC Mianyang office holds 100.00% equity interests of Sichuan Changhong

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Electronic Holding Group, which means that SASAC Mianyang office is the ultimate controller of the Company.

(2) Register capital and change thereof of controlling shareholder

Controlling shareholder	Opening balance	Increase during the year	Decrease during the year	Ending balance
Sichuan Changhong Electric Co., LTD	4,616,244,222			4,616,244,222

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

Controlling shareholder	Amount of shares held		Shareholding ratio (%)	
	Ending balance	Opening balance	Ratio at year-end	Ratio at year-begin
Sichuan Changhong Electric Co., LTD	265,601,410	259,871,791	25.43%	24.88%

2. Subsidiary

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

3. Joint venture and affiliated enterprise

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

Joint venture and affiliated enterprise	Relationship
Hefei Meiling Solar Energy Technology Co., Ltd.	Affiliated enterprise of Subsidiary Meiling Group
ChanghongRubaElectricCompany(Private)Ltd.	Affiliated enterprise of Subsidiary Zhongshan Changhong
Hefei Xingmei Assets Management Co., Ltd.	Affiliated enterprise of the Company
Sichuan Zhiyijia Network Technology Co., Ltd.	Affiliated enterprise of the Company, sharing the same controlling shareholder with the Company and actual controller
Hongyuan Ground Energy Heat Technology Co., Ltd.	Affiliated enterprise of Subsidiary Changhong Air Conditioner
Sichuan Tianyou Guigu Technology Co., Ltd.	Affiliated enterprise of Subsidiary Changhong Air Conditioner
Chengdu Tianyou Guigu Environmental Tech. Co., Ltd.	Affiliated enterprise of Subsidiary Changhong Air Conditioner

4. Other related parties

Other related parties	Relationship
Huayi Compressor Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jijia Fine Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Package Printing Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Jiahong Industrial Co., Ltd.	Control by same controlling shareholder and ultimate

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Other related parties	Relationship
	controller
Sichuan Changhong New Energy Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guangdong Changhong Electronics Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Electronic Products Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Xinrui Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Electric Source Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Solar Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongwei Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
CHANGHONG(HK)TRADINGLIMITED	Control by same controlling shareholder and ultimate controller
Sichuan Changhong International Hotel Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Communication Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong International Travel Agency Co., Ltd.	Control by same controlling shareholder and ultimate controller
PT.CHANGHONGELECTRICINDONESIA	Control by same controlling shareholder and ultimate controller
Sichuan CCO Display Device Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongxing Software Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Devices Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
CHANGHONGELECTRICMIDDLEEASTFZE	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Control by same controlling shareholder and ultimate controller
Hefei Changhong Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Lejiayi Chain Management Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Minsheng Logistics Co., LTD	Control by same controlling shareholder and ultimate controller
ChanghongEuropeElectrics.r.o	Control by same controlling shareholder and ultimate controller
Chengdu Changhong Property Co., Ltd.	Control by same controlling shareholder and ultimate controller
Anhui Xinhao PDP Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Huafeng Enterprise Group Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Network Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller

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Other related parties	Relationship
Chengdu Changhong Electric Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guangyuan Hongcheng Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
BVCH Optronics (Sichuan) Co., Ltd.	Control by same controlling shareholder and ultimate controller
Beijing Changhong Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Electronic System Co., Ltd.	Control by same controlling shareholder and ultimate controller
081 Electronic Group	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Group Finance Co., Ltd.	Control by same controlling shareholder and ultimate controller
Yibin Red Star Electronics 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 Logistic Service Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongcheng Construction Engineering 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 Property Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Intelligent Health Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Huanyu Industrial Co. Ltd.	Control by same controlling shareholder and ultimate controller
Mianyang Technology Town Big Data Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Education Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Shenzhen Enjoy service Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
CHANGHONGELECTRIC(AUSTRALIA)	Control by same controlling shareholder and ultimate controller
Sichuan Changhong DDB Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongyu Metal Manufacturing Co., Ltd.	Affiliate enterprise of controlling shareholder
Sichuan Changxin Refrigeration Parts Co., Ltd.	Affiliate enterprise of controlling shareholder
Mianyang Highly Electric Co., Ltd.	Affiliate enterprise of controlling shareholder
Sichuan Changhe Technology Co., Ltd.	Affiliate enterprise of controlling shareholder
Hengyouyuan Technology Development Group Co., Ltd.	The investor has major influence on the subsidiary
Candy Hoover Group S.r.l.	The investor has major influence on the subsidiary

(II) Related transactions

1. Purchasing commodity

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

Related parties	Content	Current Year (10 thousand Yuan)	Last Year (10 thousand Yuan)
Sichuan Changhong Electric Co., LTD	Purchasing commodity	35,306.58	14,456.41
Sichuan Changhong Electronic Holding Group Co., Ltd.	Purchasing commodity	0.49	0.37
Huayi Compressor Co., Ltd.	Purchasing commodity	37,169.68	44,592.84
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Purchasing commodity	69,088.66	42,763.92
Sichuan Changhong Jijia Fine Co., Ltd.	Purchasing commodity	36,871.44	21,372.67
Sichuan Changhong Package Printing Co., Ltd.	Purchasing commodity	11,148.32	5,862.38
CHANGHONG(HK)TRADINGLIMITED	Purchasing commodity		179.34
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Purchasing commodity	5,904.39	770.77
Sichuan Changhong New Energy Tech. Co., Ltd.	Purchasing commodity	3.09	6.69
081 Electronic Group	Purchasing commodity	334.84	278.61
Guangdong Changhong Electronics Co., Ltd.	Purchasing commodity	1,460.11	865.98
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchasing commodity	253.85	468.62
Sichuan Changhong Devices Technology Co., Ltd.	Purchasing commodity	4,112.64	4,169.58
Sichuan Changhong Xinrui Technology Co., Ltd	Purchasing commodity	4,902.37	5,019.64
Sichuan Hongwei Technology Co., Ltd.	Purchasing commodity		342.66
Sichuan Changhong Solar Tech. Co., Ltd.	Purchasing commodity		0.57
Sichuan Jiahong Industrial Co., Ltd.	Purchasing commodity		13.77
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing commodity	0.92	2.56
Sichuan Changhong Electric Source Co., Ltd.	Purchasing commodity		3.68
Sichuan Huafeng Enterprise Group Co., Ltd.	Purchasing commodity	1.40	23.04
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Purchasing commodity		1.67
Sichuan Hongxing Software Co., Ltd.	Purchasing commodity		5.09
Sichuan Changhong Logistic Service Co., Ltd.	Purchasing commodity	0.04	0.04
Sichuan Ailian Tech. Co., Ltd.	Purchasing commodity	677.33	
Sichuan Changhong Education Tech. Co., Ltd.	Purchasing commodity	5.03	
Sichuan Hongyu Metal Manufacturing Co., Ltd.	Purchasing commodity	120.38	55.98

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Related parties	Content	Current Year (10 thousand Yuan)	Last Year (10 thousand Yuan)
Sichuan Changhe Technology Co., Ltd.	Purchasing commodity	813.46	687.31
Sichuan Changxin Refrigeration Parts Co., Ltd.	Purchasing commodity	35,945.19	20,715.41
Mianyang Highly Electric Co., Ltd.	Purchasing commodity	33,122.52	18,280.41
Hongyuan Ground Energy Heat Technology Co., Ltd.	Purchasing commodity		13,655.96
Chonghong Ruba Electric Company (Private) Ltd.	Purchasing commodity	18,285.58	
Sichuan Tianyou Guigu Technology Co., Ltd.	Purchasing commodity		189.61
Chengdu Guigu Environmental Tech. Co., Ltd.	Purchasing commodity	5.81	
Total		295,534.12	194,785.58

2. Labor service receive

Related parties	Content	Current Year	Last Year
Sichuan Changhong Electronic Holding Group Co., Ltd.	Labor service received	197,190.60	113,420.18
Sichuan Changhong Electric Co., LTD	Labor service received	19,837,460.29	20,635,470.36
Sichuan Changhong Minsheng Logistics Co., LTD	Labor service received	557,786,009.24	438,755,474.68
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Labor service received		55,643.55
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Labor service received	135,965,733.59	119,890,832.60
Sichuan Hongxing Software Co., Ltd.	Labor service received	1,335,284.55	303,773.60
Guangdong Changhong Electronics Co., Ltd.	Labor service received	854,778.18	774,830.62
Sichuan Jiahong Industrial Co., Ltd.	Labor service received	517,553.29	188,221.66
Sichuan Changhong International Hotel Co., Ltd.	Labor service received	349,358.51	181,222.85
CHANGHONG(HK)TRADINGLIMITED	Labor service received	237,531.09	97,468.90
Sichuan Changhong International Travel Agency Co., Ltd.	Labor service received	226,030.00	119,887.70
Sichuan Changhong Logistic Service Co., Ltd.	Labor service received	944,958.16	6,733.33
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Labor service received		28,408.32
Sichuan Hongwei Technology Co., Ltd.	Labor service received	497,192.43	235,849.05
Sichuan Zhiyijia Network Technology Co., Ltd.	Labor service received	3,973,704.63	2,529.91
Lejiayi Chain Management Co., Ltd.	Labor service received	22,641.51	

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Sichuan Changhong Network Tech. Co., Ltd.	Labor service received	50,798.90	
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Labor service received	196,581.20	
Sichuan Changhong Jijia Fine Co., Ltd.	Labor service received	1,794.87	
Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Labor service received	73,226.50	
Shenzhen Enjoy service Tech. Co., Ltd.	Labor service received	210,207.55	
Total		723,278,035.09	581,389,767.31

3. Purchase of fuels and energy

Related parties	Content	Current Year	Last Year
Sichuan Changhong Electric Co., LTD	Purchasing fuels and energy	19,879,944.22	16,589,751.56
Huayi Compressor Co., Ltd.	Purchasing fuels and energy	590,999.14	480,530.98
Guangdong Changhong Electronics Co., Ltd.	Purchasing fuels and energy	1,305,660.00	1,531,985.67
Sichuan Jiahong Industrial Co., Ltd.	Purchasing fuels and energy	4,781.60	11,450.26
Hefei Changhong New Energy Technology Co., Ltd.	Purchasing fuels and energy	395,539.19	242,591.95
Sichuan Changhong Electronic Holding Group Co., Ltd.	Purchasing fuels and energy		10,243.00
Sichuan Changhong Logistic Service Co., Ltd.	Purchasing fuels and energy	37,569.05	45,132.76
Total		22,214,493.20	18,911,686.18

4. Sales of goods / labor service providing

Related parties	Content	Current Year (10 thousand Yuan)	Last Year (10 thousand Yuan)
Sichuan Changhong Electric Co., LTD	Sales of goods	127,288.97	108,928.79
Sichuan Changhong Electronic Holding Group Co., Ltd.	Sales of goods	102.53	338.20
Sichuan Changhong Jijia Fine Co., Ltd.	Sales of goods	6,714.31	4,693.13
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Sales of goods	11,200.34	13,701.81
Lejiayi Chain Management Co., Ltd.	Sales of goods	744.44	365.25
PT.CHANGHONGELECTRICINDONESIA	Sales of goods	2.62	2.60
CHANGHONG(HK)TRADINGLIMITED	Sales of goods	36,525.50	45,103.46
CHANGHONGELECTRIC(AUSTRALIA)	Sales of goods	1,946.83	13.92
Sichuan Hongwei Technology Co., Ltd.	Sales of goods	13.50	9.76
Sichuan Changhong Devices Technology Co., Ltd.	Sales of goods	28.13	8.74
Sichuan Changhong Minsheng Logistics Co., LTD	Sales of goods	285.09	87.20
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Sales of goods	1,780.47	724.69
Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Sales of goods	1,579.82	949.01

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Related parties	Content	Current Year (10 thousand Yuan)	Last Year (10 thousand Yuan)
Hefei Changhong Industrial Co., Ltd.	Sales of goods	70.56	255.71
Sichuan Huafeng Enterprise Group Co., Ltd.	Sales of goods	18.34	17.25
Sichuan Zhiyijia Network Technology Co., Ltd.	Sales of goods	225,620.35	143,292.46
Sichuan Changhong Property Co., Ltd.	Sales of goods	322.07	3.95
Anhui Xinhao PDP Co., Ltd.	Sales of goods		5.13
Sichuan Changhong Network Tech. Co., Ltd.	Sales of goods	20.30	1.57
Chengdu Changhong Electric Tech. Co., Ltd.	Sales of goods		1.55
Sichuan Changhong Intelligent Health Technology Co., Ltd.	Sales of goods	0.75	0.31
Sichuan Changhong Logistic Service Co., Ltd.	Sales of goods	5.17	4.89
Guangdong Changhong Electronics Co., Ltd.	Sales of goods		0.14
Sichuan Huanyu Industrial Co. Ltd.	Sales of goods	12.10	1.42
Sichuan Changhong Xinrui Technology Co., Ltd.	Sales of goods	2.97	75.91
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Sales of goods	2.76	4.32
Mianyang Technology Town Big Data Technology Co., Ltd.	Sales of goods	0.37	0.06
BVCH Optronics (Sichuan) Co., Ltd.	Sales of goods	3.13	1.91
Sichuan Changhong Group Finance Co., Ltd.	Sales of goods	4.05	0.25
Huayi Compressor Co., Ltd.	Sales of goods		16.92
Sichuan Changhong Package Printing Co., Ltd.	Sales of goods	5.80	33.31
Sichuan Changhong Electric Source Co., Ltd.	Sales of goods	36.02	5.34
Sichuan Changhong Education Tech. Co., Ltd.	Sales of goods	330.36	0.31
081 Electronic Group	Sales of goods	12.78	
Guangyuan Changhong Electronic Tech. Co., Ltd.	Sales of goods	122.00	
Sichuan Ailian Tech. Co., Ltd.	Sales of goods	33.97	
Sichuan Changhong Innovation Investment Co., Ltd.	Sales of goods	0.06	
Guangyuan Hongcheng Industrial Co., Ltd.	Sales of goods	0.10	
Sichuan Changhong Solar Tech. Co., Ltd.	Sales of goods	1.45	
Sichuan Changhong Electric Technology Co., Ltd.	Sales of goods	1.18	
Sichuan Hongxing Software Co., Ltd.	Sales of goods	2.35	
Sichuan Hongcheng Real Estate Co., Ltd.	Sales of goods	13.34	
Sichuan Jiahong Industrial Co., Ltd.	Sales of goods	11.50	
Sichuan Changhong New Energy Tech. Co., Ltd.	Sales of goods	147.86	
Sichuan Changhong International Hotel Co., Ltd.	Sales of goods	24.24	
Sichuan Changhong Electronic System Co., Ltd.	Sales of goods	3.23	
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Sales of goods	12.09	
Orion.PDP.Co.,Ltd	Sales of goods	1,785.99	
Changhong International Holding (H.K.) Co., Ltd.	Sales of goods	0.24	
Sichuan Changxin Refrigeration Parts Co., Ltd.	Sales of goods	10,302.52	7,035.25
Hongyuan Ground Energy Heat Technology Co., Ltd.	Sales of goods	2,859.77	21,275.51

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Related parties	Content	Current Year (10 thousand Yuan)	Last Year (10 thousand Yuan)
Sichuan Tianyou Guigu Technology Co., Ltd.	Sales of goods	36.18	229.86
Chengdu Guigu Environmental Tech. Co., Ltd.	Sales of goods	344.04	
ChanghongRubaElectricCompany(Private)Ltd.	Sales of goods	2,426.80	3,846.63
Total		432,809.34	351,036.52

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. Fuel and energy providing

Related parties	Content	Current Year	Last Year
Guangdong Changhong Electronics Co., Ltd.	Fuel and energy providing	1,026,102.62	956,099.28
Sichuan Changhong Minsheng Logistics Co., LTD	Fuel and energy providing	103,684.29	68,684.40
Sichuan Changhong Jijia Fine Co., Ltd.	Fuel and energy providing	112,448.30	96,364.38
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Fuel and energy providing	6,941,010.76	4,856,207.90
Sichuan Hongwei Technology Co., Ltd.	Fuel and energy providing	8,533.42	7,893.94
Sichuan Changhong Devices Technology Co., Ltd.	Fuel and energy providing	832,738.52	463,262.93
Total		9,024,517.91	6,448,512.83

6. Related rental

(1) Rent out

Lessor	Lessee	Type of assets	Leasing income in this year	Leasing income in last year
Hefei Meiling Co., Ltd.	Sichuan Changhong Jijia Fine Co., Ltd.	Forklift truck	4,837.26	2,792.14
Hefei Meiling Co., Ltd.	Sichuan Changhong Jijia Fine Co., Ltd.	Warehouse	40,618.87	14,060.38
Hefei Meiling Co., Ltd.	Sichuan Changhong Jijia Fine Co., Ltd.	Apartment	81,670.08	75,635.43
Hefei Meiling Co., Ltd.	Sichuan Changhong Jijia Fine Co., Ltd.	Plant	507,360.00	486,720.81
Hefei Meiling Co., Ltd.	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Warehouse	260,422.64	34,301.89
Hefei Meiling Co., Ltd.	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Plant	1,404,540.00	661,680.00
Hefei Meiling Co., Ltd.	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Apartment	375,219.05	-

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Lessor	Lessee	Type of assets	Leasing income in this year	Leasing income in last year
Co., Ltd.				
Hefei Meiling Co., Ltd.	Sichuan Changhong Minsheng Logistics Co., LTD	Office	21,216.00	10,608.00
Hefei Meiling Co., Ltd.	Sichuan Changhong Minsheng Logistics Co., LTD	Apartment	211,489.53	
Hefei Meiling Co., Ltd.	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Apartment	200,087.60	194,413.33
Hefei Meiling Co., Ltd.	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Office	42,378.38	24,547.72
Hefei Meiling Co., Ltd.	Sichuan Changhong Xinrui Technology Co., Ltd	Forklift truck	2,016.51	1,485.85
Hefei Meiling Co., Ltd.	Sichuan Changhong Xinrui Technology Co., Ltd	Warehouse	14,867.93	12,226.42
Hefei Meiling Co., Ltd.	Sichuan Changhe Technology Co., Ltd.	Warehouse	14,862.27	1,833.96
Hefei Meiling Co., Ltd.	Hefei Changhong Industrial Co., Ltd.	Apartment	321,493.34	448,681.52
Hefei Meiling Co., Ltd.	Sichuan Changhong Electric Co., LTD	Apartment	69,668.58	68,624.76
Hefei Meiling Co., Ltd.	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Forklift truck	1,515.57	
Hefei Meiling Co., Ltd.	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Warehouse	47,207.55	
Hefei Meiling Co., Ltd.	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Apartment	58,975.23	63,959.42
Hefei Meiling Co., Ltd.	Sichuan Ailian Tech. Co., Ltd.	Warehouse	84.91	
Changhong Air Conditioner	BVCH Optronics (Sichuan) Co., Ltd.	Freight elevator	52,480.00	63,720.00
Changhong Air Conditioner	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Machinery equipment	25,433.40	
Changhong Air Conditioner	Sichuan Changhong Jijia Fine Co., Ltd.	Driving	7,000.00	
Changhong Air Conditioner	Sichuan Changxin Refrigeration Parts Co., Ltd.	Little U processing equipment	300,000.00	
Zhongshan Changhong	Guangdong Changhong Electronics Co., Ltd.	Office building	1,968,611.69	1,474,415.84
Zhongshan Changhong	Sichuan Changhong Minsheng Logistics Co., LTD	Part of the office building rent out	75,356.98	57,509.74
Zhongshan Changhong	Sichuan Changhong Minsheng Logistics Co., LTD	Warehouse		100,000.00
Zhongshan Changhong	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	2# living area	154,992.85	89,802.16
Zhongshan Changhong	Shenzhen Enjoy service Tech. Co., Ltd.	2# living area	25,428.15	18,141.15
Zhongshan Changhong	Sichuan Changhong Devices Technology Co., Ltd.	2# living area	14,401.17	

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Lessor	Lessee	Type of assets	Leasing income in this year	Leasing income in last year
Zhongshan Changhong	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	2# living area	7,652.88	
Zhongshan Changhong	Sichuan Changhong Jijia Fine Co., Ltd.	2# living area		3,889.43
Zhongshan Changhong	Sichuan Hongwei Technology Co., Ltd.	2# living area		5,047.62
Jiangxi Meiling	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Plant	444,472.38	474,614.85
Mianyang Refrigeration	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Warehouse fee	62,342.34	60,396.23
Mianyang Refrigeration	Sichuan Changhong Package Printing Co., Ltd.	Warehouse fee		4,150.94
Mianyang Refrigeration	Sichuan Changhe Technology Co., Ltd.	Warehouse fee	243.24	207.55
Mianyang Refrigeration	Sichuan Changxin Refrigeration Parts Co., Ltd.	Warehouse fee		207.55
Changhong Ridian	Sichuan Changhong Minsheng Logistics Co., LTD	Plant	777,386.70	1,014,296.40
Changhong Ridian	Sichuan Changhong Devices Technology Co., Ltd.	Plant	943,041.61	823,744.00
Changhong Ridian	Sichuan Hongwei Technology Co., Ltd.	Plant	35,218.29	
Changhong Ridian	Changhong International Holding (H.K.) Co., Ltd.	Office	105,853.52	
Total			8,680,446.50	6,291,715.09

(2) Lessee of related parties

Lessor	Lessee	Type of assets	Leasing expense in this year	Leasing expense last year
Sichuan Changhong Electronic Holding Group Co., Ltd.	Sichuan Air Conditioner	House and buildings	124,807.63	84,263.16
Sichuan Changhong Logistic Service Co., Ltd.	Sichuan Air Conditioner	House and buildings	1,968,811.61	
Sichuan Changhong Electric Co., LTD	Sichuan Air Conditioner	House and buildings	8,814,057.30	8,374,314.61
Sichuan Changhong Electric Co., LTD	Meiling Software	House and buildings	151,172.10	
Chengdu Changhong Electric Tech. Co., Ltd.	Meiling Software	House and buildings	192,550.12	
Guangdong Changhong Electronics Co., Ltd.	Ground Energy Heat Pump	Staff dormitory	4,763.20	
Sichuan Changhong Electric Co., LTD	Mianyang Refrigeration	Workshop lease	3,522,008.93	
Sichuan Changhong Electronic Holding Group Co., Ltd.	Mianyang Refrigeration	Staff dormitory	40,476.00	5,520.00
Sichuan Changhong Logistic Service Co., Ltd.	Mianyang Refrigeration	Rental for flowers and plants	2,561.11	

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Lessor	Lessee	Type of assets	Leasing expense in this year	Leasing expense last year
Sichuan Changhong Electric Co., LTD	Appliances Marketing	Office	207,723.40	493,088.97
Beijing Changhong Technology Co., Ltd.	Beijing Meiling	Office		89,128.50
Sichuan Changhong Logistic Service Co., Ltd.	Changmei Tech.	Office	13,207.55	
Chengdu Changhong Electric Tech. Co., Ltd.	Changmei Tech.	Office	160,097.46	
Guangdong Changhong Electronics Co., Ltd.	Changhong Ridian	Staff dormitory	426,053.39	525,298.65
Sichuan Changhong Electric Co., LTD	Changhong Ridian	Staff dormitory	210,390.57	210,433.96
Beijing Changhong Technology Co., Ltd.	Meiling Group	House and buildings	364,688.55	
Sichuan Changhong Electric Co., LTD	Meiling Group	House and buildings	841,571.05	
Total			17,044,939.97	9,782,047.85

7. Related guarantee

Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	End	Completed (Y/N)
Hefei Meiling	Changhong Ridian	4,500.00	2016.05.05	2017.05.05	Y
Hefei Meiling	Changhong Ridian	2,000.00	2016.09.01	2017.09.01	Y
Hefei Meiling	Changhong Ridian	2,000.00	2017.06.13	2017.09.01	Y
Hefei Meiling	Changhong Ridian	4,500.00	2017.08.13	2018.08.13	N
Hefei Meiling	Changhong Ridian	4,000.00	2017.09.01	2018.08.31	N
Hefei Meiling	Changhong Ridian	2,000.00	2017.11.05	2018.11.05	N
Hefei Meiling	Zhongke Meiling	2,000.00	2017.02.16	2018.01.05	N
Hefei Meiling	Zhongke Meiling	1,000.00	2017.06.23	2018.06.22	N
Hefei Meiling	Zhongshan Changhong Home Appliances	5,000.00	2016.08.05	2017.08.04	Y
Hefei Meiling	Zhongshan Changhong Home Appliances	5,000.00	2016.10.28	2017.10.27	N
Hefei Meiling	Zhongshan Changhong Home Appliances	6,000.00	2017.01.03	2018.01.03	N
Hefei Meiling	Zhongshan Changhong Home Appliances	5,500.00	2017.01.22	2018.01.22	N
Hefei Meiling	Zhongshan Changhong Home Appliances	20,000.00	2017.03.01	2018.03.31	N
Hefei Meiling	Zhongshan Changhong Home Appliances	10,000.00	2017.03.29	2018.03.29	N
Hefei Meiling	Zhongshan Changhong Home Appliances	5,000.00	2017.07.24	2018.07.24	N

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Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	End	Completed (Y/N)
Hefei Meiling	Zhongshan Changhong Home Appliances	10,000.00	2017.11.06	2018.11.06	N
Counter guarantee:					
Changhong Ridian	Hefei Meiling	4,500.00	2016.05.05	2017.05.05	Y
Changhong Ridian	Hefei Meiling	2,000.00	2016.09.01	2017.09.01	Y
Changhong Ridian	Hefei Meiling	2,000.00	2017.06.13	2017.09.01	Y
Changhong Ridian	Hefei Meiling	4,500.00	2017.08.13	2018.08.13	N
Changhong Ridian	Hefei Meiling	4,000.00	2017.09.01	2018.08.31	N
Changhong Ridian	Hefei Meiling	2,000.00	2017.11.05	2018.11.05	N
Zhongke Meiling	Hefei Meiling	2,000.00	2017.02.16	2018.01.05	N
Zhongke Meiling	Hefei Meiling	1,000.00	2017.06.23	2018.06.22	N
Zhongshan Changhong Home Appliances	Hefei Meiling	5,000.00	2016.08.05	2017.08.04	Y
Zhongshan Changhong Home Appliances	Hefei Meiling	5,000.00	2016.10.28	2017.10.27	N
Zhongshan Changhong Home Appliances	Hefei Meiling	6,000.00	2017.01.03	2018.01.03	N
Zhongshan Changhong Home Appliances	Hefei Meiling	5,500.00	2017.01.22	2018.01.22	N
Zhongshan Changhong Home Appliances	Hefei Meiling	20,000.00	2017.03.01	2018.03.31	N
Zhongshan Changhong Home Appliances	Hefei Meiling	10,000.00	2017.03.29	2018.03.29	N
Zhongshan Changhong Home Appliances	Hefei Meiling	5,000.00	2017.07.24	2018.07.24	N
Zhongshan Changhong Home Appliances	Hefei Meiling	10,000.00	2017.11.06	2018.11.06	N

8. Assets transfer, debt restructuring of related parties

Related parties	Type	Current Year	Last Year
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchasing fixed assets	26,591,007.01	2,053,812.82
Sichuan Hongcheng Construction Engineering Co., Ltd.	Fixed assets acquisition & construction	4,261,765.77	5,909,615.13
Sichuan Hongcheng Real Estate Co., Ltd.	Fixed assets acquisition & construction	509,433.94	
Sichuan Changhong Electric Co., LTD	Purchasing fixed assets	154,743.58	221,411.27
Sichuan Hongxing Software Co., Ltd.	Purchasing fixed assets	6,259,421.70	252,830.20

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Related parties	Type	Current Year	Last Year
Sichuan Hongxing Software Co., Ltd.	Purchasing intangible assets	150,943.40	149,292.45
Sichuan Changhong Jijia Fine Co., Ltd.	Purchasing fixed assets	119,658.12	17,948.72
Sichuan Changhong Network Tech. Co., Ltd.	Purchasing fixed assets	221,657.02	
Sichuan Changhong Electronic System Co., Ltd.	Purchasing fixed assets	97,883.40	
Sichuan Hongwei Technology Co., Ltd.	Purchasing fixed assets		1,374,917.70
Sichuan Changhong Gerun Renewable Resources Co., Ltd.	Fixed assets on sale	44,752.67	31,091.89
Sichuan Tianyou Guigu Technology Co., Ltd.	Fixed assets on sale		854.70
Total		38,411,266.61	10,011,774.88

9. Related transaction with Changhong Finance Company

(1) Saving balance

Company	Ending balance	Opening balance	Interest income from bank saving
Hefei Meiling Co., Ltd.	1,767,413,631.40	1,269,669,769.16	38,422,460.33
Sichuan Changhong Air Conditioner Co., Ltd	931,489,096.17	403,311,310.63	20,988,127.87
Zhongshan Changhong Home Appliances Company Limited	13,293,776.63	67,318,559.05	2,373,369.47
Hefei Meiling Group Holding Co., Ltd.	555,029.59	1,185,381.05	1,075,573.27
Mianyang Meiling Refrigeration Co., Ltd.	58,727.73	60,008.27	59,156.66
Zhongke Meiling Cryogenic Technology Co., Ltd	40,708,625.61	25,450,411.46	890,052.73
Jiangxi Meiling Electric Appliance Co., Ltd.	7,488,946.73		10,215,867.99
Guangdong Changhong Ridian Technology Co., Ltd.	1,404,653.78	125,819,243.83	953,990.40
Hongyuan Ground Energy Heat Pump Technology Co., Ltd	101,216.24	16,027,479.75	808,094.08
Total	2,762,513,703.88	1,908,842,163.20	75,786,692.80

(2) Notes discounted

Company	Bank acceptance book discounted amount	Bank acceptance discounted amount	Expenses of discounted
Hefei Meiling Co., Ltd.	647,526,993.82	639,254,228.79	8,272,765.03
Sichuan Changhong Air Conditioner Co., Ltd	1,169,547,620.06	1,162,237,243.32	7,310,376.74
Mianyang Meiling Refrigeration Co., Ltd.	4,000,000.00	3,971,666.67	28,333.33
Jiangxi Meiling Electric Appliance Co., Ltd.	205,000,000.00	202,376,861.14	2,623,138.86
Hongyuan Ground Energy Heat Pump Technology Co., Ltd	11,152,025.21	11,067,590.70	84,434.51
Total	2,037,226,639.09	2,018,907,590.62	18,319,048.47

The undue note discounted by the Company in Financial Company counted as 699,356,853.98 Yuan,

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the discount charge 3,678,296.52 Yuan are not being accrual

(3) Notes issued

Company	Issuing unit	Note amount	Type
Hefei Meiling Co., Ltd.	Sichuan Changhong Finance Co., Ltd. Group	318,504,101.89	Bank acceptance
Sichuan Changhong Air Conditioner Co., Ltd	Sichuan Changhong Finance Co., Ltd. Group	975,546,937.30	Bank acceptance
Zhongshan Changhong Home Appliances Company Limited	Sichuan Changhong Finance Co., Ltd. Group	354,705,360.87	Bank acceptance
Mianyang Meiling Refrigeration Co., Ltd.	Sichuan Changhong Finance Co., Ltd. Group	5,285,811.20	Bank acceptance
Guangdong Changhong Ridian Technology Co., Ltd.	Sichuan Changhong Finance Co., Ltd. Group	27,085,632.33	Bank acceptance
Zhongke Meiling Cryogenic Technology Co., Ltd	Sichuan Changhong Finance Co., Ltd. Group	29,044,228.00	Bank acceptance
Jiangxi Meiling Electric Appliance Co., Ltd.	Sichuan Changhong Finance Co., Ltd. Group	200,000,000.00	Bank acceptance
Hongyuan Ground Energy Heat Pump Technology Co., Ltd	Sichuan Changhong Finance Co., Ltd. Group	52,357,490.50	Bank acceptance
Total		1,962,529,562.09	

(4) Borrowing: Nil

(5) Accounts receivable factoring: Nil

10. Key management's remuneration

Item	Current Year (10 thousand Yuan)	Last Year (10 thousand Yuan)
Total remuneration	1,352.60	337.44
Including: performance incentive fund	944.00	

(III) Come and go balance with related parties

1. Receivable items

Item	Related parties	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Changhong Electric Co., LTD	1,814,632.38		521,671.35	
Account receivable	Sichuan Changhong Electronic Holding Group Co., Ltd.	5,700.00		376,186.92	
Account receivable	Orion.PDP.Co.,ltd	10,083,028.46			
Account receivable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	168,406.71		965,201.45	
Account receivable	CHANGHONGELECTRIC(AUSTRALIA)	8,966,037.32		144,829.93	

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Item	Related parties	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Changhong Logistic Service Co., Ltd.			12,516.00	
Account receivable	Huayi Compressor Co., Ltd.	19,800.00		334,800.00	
Account receivable	Sichuan Changhong Jijia Fine Co., Ltd.	1,989,845.25			
Account receivable	Sichuan Hongcheng Real Estate Co., Ltd.	147,354.00			
Account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	51,528.01			
Account receivable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	14,951.00			
Account receivable	PT.CHANGHONGELECTRICINDONESIA	25,614.05		26,971.06	
Account receivable	CHANGHONG(HK)TRADINGLIMITED	92,041,204.28		60,541,639.57	
Account receivable	Sichuan Changhong Package Printing Co., Ltd.			4,400.00	
Account receivable	Sichuan Changhong International Hotel Co., Ltd.			1,334,736.90	
Account receivable	Chengdu Changhong Electric Tech. Co., Ltd.	434,509.01		434,509.01	
Account receivable	Sichuan Changhong Gerun Renewable Resources Co., Ltd.			0.60	
Account receivable	Lejiayi Chain Management Co., Ltd.	867,119.47			
Account receivable	Sichuan Zhiyijia Network Technology Co., Ltd.	292,557,278.83		174,033,095.60	
Account receivable	Sichuan Hongwei Technology Co., Ltd.			7,600.00	
Account receivable	Shenzhen Enjoy service Tech. Co., Ltd.	1,777.90			
Account receivable	Anhui Xinhao PDP Co., Ltd.	63,000.00		63,000.00	
Account receivable	Sichuan Changhong Electric Source Co., Ltd.	30,389.18			
Account receivable	Yibin Red Star Electronics Co., Ltd.			147,174.10	
Account receivable	Sichuan Changhong Property Co., Ltd.	48,664.00			
Account receivable	Sichuan Changhong New Energy Tech. Co., Ltd.	173,213.95			
Account receivable	Changhong International Holding (H.K.) Co., Ltd.	111,146.18			
Account receivable	Sichuan Jiahong Industrial Co., Ltd.	3,700.00			
Account receivable	Sichuan Changhong Group Finance Co., Ltd.	9,270.00			
Account receivable	Hongyuan Ground Energy Heat Technology Co., Ltd.	2,179,945.63		36,070,419.59	

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Item	Related parties	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	ChanghongRubaElectricCompany(Private)Ltd.	34,423,460.27		16,296,282.53	
Account paid in advance	Sichuan Changhong Electronic Holding Group Co., Ltd.	94,861.98			
Account paid in advance	Sichuan Changhong Electric Co., LTD			1,054,531.13	
Account paid in advance	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	101,945.29			
Account paid in advance	Sichuan Hongwei Technology Co., Ltd.	363,948.00		263,948.00	
Account paid in advance	Sichuan Hongxing Software Co., Ltd.	45,000.00			
Account paid in advance	Guangdong Changhong Electronics Co., Ltd.	10,579.20			
Account paid in advance	Sichuan Zhiyijia Network Technology Co., Ltd.	12,721.94		14,074.00	
Account paid in advance	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	527,923.64		254,682.00	
Other account receivable	Sichuan Changhong Electric Co., LTD			39,617.46	
Other account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	500,000.00		200,000.00	
Other account receivable	Sichuan Changhong Property Co., Ltd.	150,000.00			
Other account receivable	Sichuan Changhong Logistic Service Co., Ltd.	7,720.80			
Other account receivable	Hongyuan Ground Energy Heat Technology Co., Ltd.			130,396.62	
Other account receivable	Sichuan Tianyou Guigu Technology Co., Ltd.			12,500,000.00	
	Total	448,046,276.73		305,772,283.82	

2. Payable items

Item	Related parties	Ending balance	Opening balance
Account received in advance	Sichuan Changhong Electric Co., LTD	234.16	36,470,918.03
Account received in advance	Sichuan Changhong Electronic Holding Group Co., Ltd.	5,080.00	
Account received in advance	Lejiayi Chain Management Co., Ltd.	82,193.00	559,819.59
Account	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	0.01	0.01

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Item	Related parties	Ending balance	Opening balance
received in advance			
Account received in advance	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	126,849.97	
Account received in advance	CHANGHONGELECTRICMIDDLEEASTFZE	1,636.49	37,303.37
Account received in advance	081 Electronic Group	3,050,425.55	2,906,393.55
Account received in advance	Sichuan Changhong Gerun Renewable Resources Co., Ltd.	1,128,252.00	273,106.03
Account received in advance	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	36,614.59	52,999.49
Account received in advance	Guangyuan Changhong Electronic Tech. Co., Ltd.	37,061.00	
Account received in advance	Sichuan Changhong Electric Source Co., Ltd.		164,400.00
Account received in advance	Yibin Red Star Electronics Co., Ltd.	582,000.00	
Account received in advance	Hefei Changhong Industrial Co., Ltd.	2,297.00	
Account received in advance	Sichuan Zhiyijia Network Technology Co., Ltd.	571,946.94	
Account received in advance	Sichuan Changhong Education Tech. Co., Ltd.	211,325.00	
Account received in advance	Sichuan Changhong DDB Tech. Co., Ltd.		259.00
Account received in advance	Changhong Europe Electric s.r.o	4,367.63	
Account received in advance	Hefei Meiling Solar Energy Technology Co., Ltd.		315,389.49
Account received in advance	Chengdu Guigu Environmental Tech. Co., Ltd.	87,460.00	
Account received in advance	Hongyuan Ground Energy Heat Technology Co., Ltd.	1,960,358.42	
Account received in advance	Sichuan Tianyou Guigu Technology Co., Ltd.	0.06	269,700.06
Account receivable	Sichuan Changhong Electric Co., LTD	57,983,674.93	18,441,774.94
Account receivable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	177,772,335.72	111,859,645.07

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

Item	Related parties	Ending balance	Opening balance
Account receivable	Huayi Compressor Co., Ltd.	104,051,402.67	54,756,261.49
Account receivable	Sichuan Changhong Jijia Fine Co., Ltd.	105,724,786.63	49,428,116.49
Account receivable	Sichuan Changhong Minsheng Logistics Co., LTD	32,100,658.75	40,128,307.43
Account receivable	Sichuan Changhong Package Printing Co., Ltd.	34,588,936.01	11,582,508.82
Account receivable	Sichuan Changhong Devices Technology Co., Ltd.	9,360,926.77	8,244,251.90
Account receivable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	37,900,637.60	2,231,885.31
Account receivable	081 Electronic Group	484,442.91	397,568.22
Account receivable	Sichuan Changhong New Energy Tech. Co., Ltd.		235.76
Account receivable	Guangdong Changhong Electronics Co., Ltd.	2,220,471.94	3,602,882.13
Account receivable	Sichuan Changhong Electric Source Co., Ltd.		4,806.70
Account receivable	Sichuan Hongyu Metal Manufacturing Co., Ltd.	893,867.03	475,411.87
Account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	5,547,924.93	6,593,913.18
Account receivable	Sichuan Hongwei Technology Co., Ltd.	1,658,396.58	1,647,512.58
Account receivable	Sichuan Hongxing Software Co., Ltd.	564,650.00	
Account receivable	Sichuan Changhong Gerun Renewable Resources Co., Ltd.	10,503.63	10,503.63
Account receivable	Sichuan Changhong International Hotel Co., Ltd.	42,802.10	24,483.00
Account receivable	Sichuan Changhong Xinrui Technology Co., Ltd	106,912.99	31,134,508.32
Account receivable	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	10,039,595.23	1,159,293.19
Account receivable	Sichuan Changhong International Travel Agency Co., Ltd.		14,981.00
Account receivable	Sichuan Changhong Electronic System Co., Ltd.		77,000.00
Account receivable	Sichuan Jiahong Industrial Co., Ltd.	28,314.00	1,500.00
Account receivable	Sichuan Changhong Network Tech. Co., Ltd.	227.83	
Account receivable	Sichuan Changhong Logistic Service Co., Ltd.	4,121.00	28.00
Account receivable	Sichuan Huafeng Enterprise Group Co., Ltd.		283,500.63
Account receivable	CHANGHONG(HK)TRADINGLIMITED	2,401,351.66	
Account receivable	Sichuan Ailian Tech. Co., Ltd.	1,816,576.71	
Account receivable	Sichuan Family Help Electric Service Co., Ltd.	2,325.00	

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

Item	Related parties	Ending balance	Opening balance
Account receivable	Sichuan Changxin Refrigeration Parts Co., Ltd.	23,428,798.70	16,767,170.82
Account receivable	Mianyang Highly Electric Co., Ltd.	33,261,889.61	33,257,152.05
Account receivable	Chonghong Ruba Electric Company (Private) Ltd.	69,845,918.08	
Account receivable	Sichuan Changhe Technology Co., Ltd.	2,242,158.00	2,769,516.97
Account receivable	Chengdu Guigu Environmental Tech. Co., Ltd.	409,067.47	
Account receivable	Sichuan Tianyou Guigu Technology Co., Ltd.		397,435.50
Other account payable	Sichuan Changhong Electric Co., LTD	3,971,074.18	189,285.06
Other account payable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	1,742,341.02	6,021,988.84
Other account payable	Sichuan Changhong Jijia Fine Co., Ltd.	400,500.00	1,900,500.00
Other account payable	Sichuan Changhong Gerun Renewable Resources Co., Ltd.	10,000.00	10,000.00
Other account payable	Huayi Compressor Co., Ltd.	1,598,900.00	1,050,000.00
Other account payable	Sichuan Changhong Package Printing Co., Ltd.	50,000.00	50,000.00
Other account payable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	145.16	145.16
Other account payable	Sichuan Changhong Minsheng Logistics Co., LTD	586,504.95	586,504.95
Other account payable	CHANGHONG(HK)TRADINGLIMITED	65,200.87	1,881,972.53
Other account payable	Sichuan Changhong Devices Technology Co., Ltd.	50,013.43	50,260.07
Other account payable	Sichuan Changhong Xinrui Technology Co., Ltd	200,000.00	200,000.00
Other account payable	081 Electronic Group	169.00	169.00
Other account payable	Sichuan Jiahong Industrial Co., Ltd.		4,643.32
Other account payable	Guangdong Changhong Electronics Co., Ltd.	18,442.44	4,602.00
Other account payable	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	272,961.00	219,375.00
Other account payable	Mianyang Highly Electric Co., Ltd.	109,709.75	637,644.61
Other account payable	Sichuan Changhe Technology Co., Ltd.	100,000.00	100,000.00
Other account payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	50,000.00	50,000.00
Other account payable	Hengyouyuan Technology Development Group Co., Ltd.		2,800.00
	Total	731,607,738.10	449,302,334.16

(IV) Commitments from related parties: Nil

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

IX. Share-based payment: Nil

X. Contingency

1. Pending action or possible liabilities formed from arbitration: Nil
2. Contingency from external guarantee: Nil
3. Other contingency: nil

XI. Commitments: nil

XII. Events occurring after the balance sheet date

1. Important non-adjustment items: nil
2. Profit distribution

After auditing by Shinewing Certified Public Accountants (LLP), in the year of 2017, net profit of the parent company in individual statement amounted as RMB -220,729.76 Yuan. According to relevant regulations, retained profit for the year ended counted as RMB 956,339,194.01 Yuan, after deducted the RMB 62,675,815.97 Yuan distributed for year of 2016, and minor change of the net profit for the year RMB 220,729.76 Yuan, the retained profit in individual statement of the parent company counted as RMB 893,442,648.28 Yuan accumulatively. In 2017, the net profit attributable to owners of parent company in consolidate statement amounted as RMB 32,473,204.92 Yuan. In line with relevant regulations, the profit achieved for the year of 2017 which is available for distribution amounted as RMB 32,473,204.92 Yuan, deducted the RMB 62,675,815.97 Yuan distributed for year of 2016 and plus retained profit RMB 968,097,382.98 Yuan at beginning of the year, the retained profit ended as 2017 in consolidate statement amounted as RMB 937,894,771.93 Yuan accumulatively.

According to the relevant laws and regulations and the provisions of "Articles of Association" and considering the interests of the shareholders and the company's long-term development needs, the board of directors approved the company to distribute the cash bonus of 0.6 Yuan per 10 stocks (including tax) to all shareholders on the basis of the general capital of 1,044,597,881 stocks of December 31, 2017, totally the cash bonus 62,675,872.86 Yuan has been distributed (Including tax). After the distribution, the total share capital of the company keeps the same, accumulates the remaining undistributed profits of 830,766,775.42 Yuan which is to be distributed annually after carry-over.

This above plan has been considered and passed by the 7th session of the 9th board of directors, and needs to be approved by annual general meeting.

3. Major sales return: nil
4. Other than the above mentioned events, the Company have no other events occurred after balance sheet date.

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

XIII. 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	Icecumber	AC	Marketing	Small home appliances	Other	Sales in branch	Total
Operation income	846,278.87	754,416.09	129,240.81	47,575.67	27,818.91	125,586.67	1,679,743.68
Including: Income from trading outside	739,286.62	754,048.21	129,240.81	47,106.58	10,061.46		1,679,743.68
Income from trading in branch	106,992.25	367.88		469.09	17,757.45	125,586.67	0.00
Operation expenses	768,796.19	753,549.86	119,862.36	46,766.58	26,381.99	18,879.57	1,696,477.41
Operation profit	77,482.68	866.23	9,378.45	809.09	1,436.92	106,707.10	-16,733.73
Total assets	1,232,665.16	533,072.33	17,760.73	31,739.11	17,140.75	236,151.36	1,596,226.72
Total liability	689,429.19	386,265.69	39,139.50	19,674.68	9,144.69	63,220.20	1,080,433.55
Supplementary information							0.00
Depreciation and amortization expenses	12,909.06	5,080.20	18.25	405.24	719.24	12.69	19,119.30
Capital expenditure	10,976.49	25,256.73	33.04	132.79	102.79	-113.50	36,615.34
Non-cash expenses except for depreciation and amortization	109,351.92	101,433.60	11,498.57	2,538.72	3,955.03	235.18	228,542.66

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

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

1. Account receivable

- (1) Category of account receivable

Category	Ending amount				Book value
	Book balance		Bad debt provision		
	Amount	Ratio	Amount	Ratio	

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

Category	Ending amount				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
Account receivable with single significant amount and withdrawal single item bad debt provision					
Account receivable withdrawal bad debt provision by combination					
Combination 1	60,561,254.24	4.40%	3,219,635.79	5.32%	57,341,618.45
Combination 2	1,311,301,579.72	95.23%		0.00%	1,311,301,579.72
Combination Subtotal	1,371,862,833.96	99.63%	3,219,635.79	0.23%	1,368,643,198.17
Account receivable with single minor amount but withdrawal single item bad debt provision	5,118,727.55	0.37%	890,957.46	17.41%	4,227,770.09
Total	1,376,981,561.51	100.00%	4,110,593.25	0.30%	1,372,870,968.26

(Continued)

Category	Opening amount				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
Account receivable with single significant amount and withdrawal single item bad debt provision					
Account receivable withdrawal bad debt provision by combination					
Combination 1	234,535,499.95	23.02%	12,281,916.10	5.24%	222,253,583.85
Combination 2	784,448,310.52	76.98%			784,448,310.52
Combination Subtotal	1,018,983,810.47	100.00%	12,281,916.10	1.21%	1,006,701,894.37
Account receivable with single minor amount but withdrawal single item bad debt provision					
Total	1,018,983,810.47	100.00%	12,281,916.10	1.21%	1,006,701,894.37

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

2) Account receivable with bad debt provision accrual by aging account in combination 1

Account age	Ending balance		
	Account receivable	Bad debt provision	Provision ratio (%)
Within 1 year	60,234,710.67	3,011,735.53	5%
1-2 years	36,196.33	5,429.45	15%
2-3 years	6,938.03	2,428.31	35%
3-4 years	185,259.35	101,892.64	55%
4-5 years			85%
Over 5 years	98,149.86	98,149.86	100%
Total	60,561,254.24	3,219,635.79	

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

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

Combination	Book balance
Connected amount between related parties	1,096,966,915.77
Account receivable with L/C	21,538,735.96
Account receivable already insured	192,795,927.99
Total	1,311,301,579.72

4) As for the receivable with single minor amount at year-end, and withdrawal bad debt provision independently, they includes the account receivables with single minor amount, and after accrual bad debts by combination, the amount did not reflects the risks characteristics, there are 2 clients included

(2) Provision, reversal (or recovery) of bad debt provision

Releasing bad debt provision in the year amounted as RMB 8,171,322.85; no bad debt collected or reverses in the year

(3) No account receivable actually written-off at year-end.

(4) No arrears of the shareholders holding more than 5% (including 5%) shares with voting rights of the Company at year-end.

(5) The top five account receivable at year-end has RMB 881,013,711.62 in total, a 63.98% in total account receivable, bad debt provision accrual at year-end amounted as RMB 2,365,082.22

(6) Account receivable de-recognized: Nil

2. Other account receivable

(1) Category of other account receivable

Category	Ending amount				Book value
	Book balance		Bad debt provision		
	Amount	Ratio	Amount	Ratio	
Other account receivable with single significant amount and withdrawal single item bad debt provision					
Other account receivable withdrawal bad debt provision by combination					
Combination 1	1,384,957.79	3.45%	261,120.97	18.85%	1,123,836.82
Combination 2	38,725,895.54	96.55%			38,725,895.54
Combination Subtotal	40,110,853.33	100.00%	261,120.97	0.65%	39,849,732.36
Other account receivable with single minor amount but withdrawal single item bad debt provision					
Total	40,110,853.33	100.00%	261,120.97	0.65%	39,849,732.36

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

(Continued)

Category	Opening amount				Book value
	Book balance		Bad debt provision		
	Amount	Ratio	Amount	Ratio	
Other account receivable with single significant amount and withdrawal single item bad debt provision					
Other account receivable withdrawal bad debt provision by combination					
Combination 1	2,286,196.46	8.50%	164,504.75	7.20%	2,121,691.71
Combination 2	24,620,732.24	91.50%			24,620,732.24
Combination Subtotal	26,906,928.70	100.00%	164,504.75	0.61%	26,742,423.95
Other account receivable with single minor amount but withdrawal single item bad debt provision					
Total	26,906,928.70	100.00%	164,504.75	0.61%	26,742,423.95

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

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

Account age	Ending balance		
	Account receivable	Bad debt provision	Provision ratio (%)
Within 1 year	549,386.81	27,469.34	5%
1-2 years	318,991.08	47,848.66	15%
2-3 years	506,579.90	177,302.97	35%
3-4 years			55%
4-5 years	10,000.00	8,500.00	85%
Over 5 years			100%
Total	1,384,957.79	261,120.97	

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

Combination	Book balance
Connected amount between related parties	7,896,779.76
Loans of employee's pretty cash	4,507,472.94
Export tax refund receivable	26,321,642.84
Total	38,725,895.54

4) No other account receivable with single minor amount but withdrawal bad debt provision singly, refers to the minor single receivables at year-end.

(2) Accrual, reversal (or collection) of reserve for bad debts in the Year

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

Provision of bad debts in the year amounted as RMB 96,616.22; no bad debt recovered or collected in the year.

(3) Other account receivable charge off in this year: Nil

(4) No areas from shareholders' unit with over 5 percent (5 percent included) voting rights held at year-end

(5) Top 5 other account receivable has RMB 35,372,380.59 in total, a 88.19% in total account receivable at year-end, ending balance of bad debts provision amounted as RMB 177,777.19.

(6) Other receivables classify by nature

Nature	Ending book balance	Opening book balance
Related parties	7,896,779.76	21,867,562.15
Loans of employee's petty cash	4,507,472.94	2,753,170.09
Margin	640,306.68	1,344,924.85
Advance money paid temporary		619,956.01
Other	744,651.11	321,315.60
Export rebate	26,321,642.84	
Total	40,110,853.33	26,906,928.70

(7) Other receivable de-recognized: Nil

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

3. Long-term equity investments

(1) Classification of long-term equity investments

Item	Ending balance			Opening balance		
	Book balance	Impairment loss	Book value	Book balance	Impairment loss	Book value
Investment in subsidiaries						
Zhongke Meiling Cryogenic Technology Co., Ltd	42,652,000.00		42,652,000.00	42,000,000.00		42,000,000.00
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00		95,000,000.00	95,000,000.00		95,000,000.00
Hefei Meiling Appliance Marketing Co., Ltd.	54,900,000.00		54,900,000.00	54,900,000.00		54,900,000.00
Zhongshan Changhong Home Appliances Company Limited	169,856,419.37		169,856,419.37	169,856,419.37		169,856,419.37
Sichuan Changhong Air Conditioner Co., Ltd	955,600,437.79		955,600,437.79	305,600,437.79		305,600,437.79
Hefei Meiling Group Holding Co., Ltd.	113,630,000.00		113,630,000.00	113,630,000.00		113,630,000.00
Jiangxi Meiling Electric Appliance Co., Ltd.	79,000,000.00		79,000,000.00	79,000,000.00		79,000,000.00
Guangdong Changhong Ridian Technology Co., Ltd.	90,802,061.95		90,802,061.95	90,802,061.95		90,802,061.95
Changmei Technology Co., Ltd.	32,424,000.00		32,424,000.00	18,000,000.00		18,000,000.00
Meiling Candy Washing Machine Co., Ltd.	45,000,000.00		45,000,000.00			
Investment in associates						
Hefei Xingmei Assets Management Co., Ltd.	10,696,982.04		10,696,982.04	12,394,800.39		12,394,800.39
Sichuan Zhiyijia Network Technology Co., Ltd.	15,445,914.69		15,445,914.69	11,098,569.71		11,098,569.71
Total	1,705,007,815.84		1,705,007,815.84	992,282,289.21		992,282,289.21

(2) Investment in subsidiaries

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

Invested unit	Opening balance	Increase during the year	Decrease during the year	Ending balance	Provision for impairment losses	Ending balance of impairment loss
Zhongke Meiling Cryogenic Technology Co., Ltd	42,000,000.00	652,000.00		42,652,000.00		
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00			95,000,000.00		
Hefei Meiling Appliance Marketing Co., Ltd.	54,900,000.00			54,900,000.00		
Zhongshan Changhong Home Appliances Company Limited	169,856,419.37			169,856,419.37		
Sichuan Changhong Air Conditioner Co., Ltd	305,600,437.79	650,000,000.00		955,600,437.79		
Hefei Meiling Group Holding Co., Ltd.	113,630,000.00			113,630,000.00		
Jiangxi Meiling Electric Appliance Co., Ltd.	79,000,000.00			79,000,000.00		
Guangdong Changhong Ridian Technology Co., Ltd.	90,802,061.95			90,802,061.95		
Changmei Technology Co., Ltd.	18,000,000.00	14,424,000.00		32,424,000.00		
Meiling Candy Washing Machine Co., Ltd.		45,000,000.00		45,000,000.00		
Total	968,788,919.11	710,076,000.00		1,678,864,919.11		

(3) Investment in associates

Invested unit	Opening balance	Changes in the Year							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
Hefei Xingmei Assets Management Co., Ltd	12,394,800.39			-1,697,818.35						10,696,982.04	
Sichuan Zhiyijia Network Technology Co., Ltd	11,098,569.71			4,347,344.98						15,445,914.69	

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

Invested unit	Opening balance	Changes in the Year							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
Total	23,493,370.10			2,649,526.63						26,142,896.73	

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

4. Operation income and operation cost

Item	Current Year		Last Year	
	Income	Cost	Income	Cost
Main business	7,279,491,408.48	6,427,777,165.64	6,507,129,875.91	5,529,452,332.04
Other business	1,238,178,104.98	1,210,971,868.04	938,956,879.61	904,175,189.74
Total	8,517,669,513.46	7,638,749,033.68	7,446,086,755.52	6,433,627,521.78

(1) Classified according to product

Product	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Main business	7,279,491,408.48	6,427,777,165.64	6,507,129,875.91	5,529,452,332.04
Refrigerator and freezer	6,899,366,427.27	6,101,569,927.76	6,090,629,825.93	5,184,542,280.26
Washing machine	190,179,642.05	163,208,239.33	416,498,098.94	344,908,193.24
Air conditioner	189,674,315.89	162,885,099.06		
Other	271,023.27	113,899.49	1,951.04	1,858.54
Other business	1,238,178,104.98	1,210,971,868.04	938,956,879.61	904,175,189.74
Sales of raw materials	1,221,126,139.76	1,208,004,434.83	922,463,944.65	902,013,070.81
Other income	17,051,965.22	2,967,433.21	16,492,934.96	2,162,118.93
Total	8,517,669,513.46	7,638,749,033.68	7,446,086,755.52	6,433,627,521.78

(2) Classified according to region

Regions	Current Year		Last Year	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	6,406,577,042.20	5,643,877,798.01	5,599,460,298.75	4,804,187,600.08
Overseas	2,111,092,471.26	1,994,871,235.67	1,846,626,456.77	1,629,439,921.70
Total	8,517,669,513.46	7,638,749,033.68	7,446,086,755.52	6,433,627,521.78

Top five clients in sales revenue amounted as RMB 4,718,907,872.70 Yuan, a 55.40% in total operation income.

5. Investment income

Item	Current Year	Last Year
Long-term equity investment income by equity method	2,649,526.63	3,156,876.73
Investment income arising from disposal of the long-term equity investment	2,506.98	-641,846.86
Investment income arising from period of holding the long-term		75,261,313.40

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

Item	Current Year	Last Year
equity investment		
Investment income from disposal of financial assets, which is measured by fair value and with its variation reckoned into current gains/losses	-20,754,720.43	-1,187,641.34
Investment income during holding the financial assets available for sale	77,684,013.71	6,693,575.48
Total	59,581,326.89	83,282,277.41

XV. Approval of financial statement

The financial statement has already been approved from the board of directors of the Company for reporting dated 28 March 2018

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

Supplementary information for financial statement

1. Non-operational gains and losses for this year

(1) Non-recurring gains and losses regulated by Explanation Announcement of Information Disclosure on Stock

Issuance Enterprise No.1—Non-recurring gains/losses (2008) from CSRC:

Item	Current Year	Note
Gains and losses from disposal of non-current assets	-8,203,782.90	
Tax refund or mitigate due to examination-and-approval beyond power or without official approval document or accident		
Government subsidy recorded in current gains and losses	68,403,702.36	
Capital occupancy expense, collected from non-financial enterprises and recorded in current gains and losses		
Income from the exceeding part between investment cost of the Company paid for obtaining subsidiaries, associates and joint-ventures and recognizable net assets fair value attributable to the Company when acquiring the investment		
Gains and losses from exchange of non-monetary assets		
Gains and losses from assets under trusted investment or management		
Various provision for impairment of assets withdrew due to act of God, such as natural disaster		
Gains and losses from debt restructuring		
Enterprise reorganization expense		
Gains and losses of the part arising from transaction in which price is not fair and exceeding fair value		
Current net gains and losses occurred from period-begin to combination day by subsidiaries resulting from business combination under common control		
Gains and losses arising from contingent proceedings irrelevant to normal operation of the Company		
Except for effective hedge business relevant to normal operation of the Company, gains and losses arising from fair value change of tradable financial assets and tradable financial liabilities, and investment income from disposal of tradable financial assets, tradable financial liabilities and financial assets available for sale	92,846,391.02	
Switch-back of provision of impairment of account receivable which are treated with separate depreciation test		
Gains and losses obtained from external trusted loans		
Gains and losses arising from change of fair value of investment real estate whose follow-up measurement are conducted according to fair value pattern		
Affect on current gains and losses after an one-time adjustment according to requirements		

Annotations to Financial Statements of Hefei Meiling Co., Ltd.

From 1 January 2017 to 31 December 2017

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

Item	Current Year	Note
of laws and regulations regarding to taxation and accounting		
Trust fee obtained from trust operation		
Other non-operating income and expenditure except for the aforementioned ones	2,680,908.22	
Other gains and losses items complying with definition for non-current gains and losses		
Subtotal	155,727,218.70	
Affect on income tax	24,087,520.95	
Affect on minority equity(after taxation)	1,460,533.81	
Total	130,179,163.94	

2. Return on equity and earnings per share

In accordance with requirement of the No. 9 Rule of Information Disclosure Compiling of Public Listed Companies: Calculation and Disclosure of Return on Equity and Earnings per Share (revised in 2010), the weighted average return on equity, basic earnings per share and diluted earnings per share of the Company in 2017 are as follow:

Profit during the report period	Weighted average return on equity	Earnings per share/EPS (RMB/Share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of parent company	0.64%	0.0311	0.0311
Net profit attributable to shareholders of parent company after deduction of non-recurring gains and losses	-1.92%	-0.0935	-0.0935

3. Accounting difference under the accounting rules in and out of China: Nil

4. Supplementary information for accounting policy changed: Nil

Section XII. Documents available for Reference

- I. Financial statement carrying the signatures and seals of the Chairman, principal of the accounting works and person in charge of accounting organ;
- II. Original auditing report carrying the seal of CPA and autography and seal of the accountants;
- III. Original documents of the Company and manuscripts of public notices that disclosed in the website designated by CSRC in the report period;

The aforesaid documents are all available at headquarter of the Company. The Company would provide them timely when CSRC and Shenzhen Stock Exchange require or the shareholders need consultation according to the regulations and Articles of Association.

Chairman: Li Wei

Hefei Meiling Co., Ltd.

30 March 2018