



CHANGHONG MEILING CO., LTD.
SEMI-ANNUAL FINANCIAL REPORT 2020

August 2020

CHANGHONG MEILING CO., LTD

SEMI-ANNUAL FINANCIAL REPORT 2020 (Unaudited)

I. Audit reports

Whether the semi-annual report was audited or not

☐ Yes ☒ No

The semi-annual report was not audited.

II. Financial statements

Units in Notes of Financial Statements is RMB

1. Consolidated Balance Sheet

Prepared by CHANGHONG MEILING CO.,LTD.

2020-6-30

In RMB

Item	2020-6-30	2019-12-31
Current assets:		
Monetary funds	4,906,733,294.04	5,499,601,030.64
Settlement provisions		
Capital lent		
Tradable financial assets	2,944,998.77	7,730,268.92
Derivative financial assets		
Note receivable	1,153,017,551.33	1,865,165,499.50
Account receivable	2,559,946,539.39	1,387,961,981.66
Receivable financing		
Accounts paid in advance	50,134,976.60	25,270,406.37
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	103,323,652.86	97,241,894.80
Including: Interest receivable	21,556,791.10	9,510,208.63
Dividend receivable		661,434.48

Buying back the sale of financial assets		
Inventories	1,885,850,077.90	1,460,910,189.06
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	613,160,570.20	63,604,031.96
Total current assets	11,275,111,661.09	10,407,485,302.91
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment	80,574,225.00	88,556,511.70
Investment in other equity instrument		
Other non-current financial assets	45,000,000.00	45,000,000.00
Investment real estate	54,827,443.04	96,343,760.13
Fixed assets	2,269,407,362.45	2,180,572,946.87
Construction in progress	191,470,652.98	252,494,792.31
Productive biological asset		
Oil and gas asset		
Right-of-use assets		
Intangible assets	951,223,966.82	933,248,463.84
Expense on Research and Development	90,129,461.14	101,078,659.57
Goodwill		
Long-term expenses to be apportioned		
Deferred income tax asset	107,396,151.15	97,453,178.14
Other non-current asset		
Total non-current asset	3,790,029,262.58	3,794,748,312.56
Total assets	15,065,140,923.67	14,202,233,615.47
Current liabilities:		
Short-term loans	1,510,292,009.60	1,103,991,045.96
Loan from central bank		
Capital borrowed		
Trading financial liability	6,027,595.47	1,081,534.93

Derivative financial liability		
Note payable	3,159,249,003.31	3,490,271,482.40
Account payable	3,244,631,623.09	2,343,116,374.58
Accounts received in advance		425,149,194.97
Contractual liability	268,622,617.93	
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	183,995,065.62	196,507,174.68
Taxes payable	73,123,338.68	68,558,391.66
Other account payable	845,775,655.45	689,477,603.21
Including: Interest payable	7,905,522.29	12,340,385.61
Dividend payable	4,466,628.25	3,579,491.94
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	306,677,346.75	1,708,193.90
Other current liabilities		
Total current liabilities	9,598,394,255.90	8,319,860,996.29
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	292,640,000.00	401,280,000.00
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable	2,291,266.30	3,016,921.44
Long-term wages payable	11,962,977.24	13,774,110.61
Accrual liability	144,526,007.50	166,099,143.97
Deferred income	176,601,739.95	179,970,971.92
Deferred income tax liabilities	4,838,162.61	6,256,759.14
Other non-current liabilities		
Total non-current liabilities	632,860,153.60	770,397,907.08

Total liabilities	10,231,254,409.50	9,090,258,903.37
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	2,683,806,730.48	2,684,366,619.10
Less: Inventory shares		
Other comprehensive income	-19,561,433.20	-18,931,430.36
Reasonable reserve		
Surplus public reserve	410,786,860.20	410,786,860.20
Provision of general risk		
Retained profit	621,767,268.44	884,127,743.42
Total owner's equity attributable to parent company	4,741,397,306.92	5,004,947,673.36
Minority interests	92,489,207.25	107,027,038.74
Total owner's equity	4,833,886,514.17	5,111,974,712.10
Total liabilities and owner's equity	15,065,140,923.67	14,202,233,615.47

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

2. Balance Sheet of Parent Company

In RMB

Item	2020-6-30	2019-12-31
Current assets:		
Monetary funds	3,636,944,969.33	4,040,632,437.18
Tradable financial assets	2,815,873.60	5,967,556.00
Derivative financial assets		
Note receivable	940,802,777.23	1,722,707,248.74
Account receivable	1,693,480,573.86	1,158,563,389.33
Receivable financing		
Accounts paid in advance	64,214,047.76	34,374,932.07

Other account receivable	44,773,002.24	41,964,639.42
Including: Interest receivable	20,170,010.71	7,880,186.85
Dividend receivable		661,434.48
Inventories	413,527,428.27	339,728,296.66
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	560,819,507.73	11,930,690.86
Total current assets	7,357,378,180.02	7,355,869,190.26
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	1,827,520,360.88	1,698,744,114.99
Investment in other equity instrument		
Other non-current financial assets	45,000,000.00	45,000,000.00
Investment real estate	4,066,016.69	7,314,721.80
Fixed assets	1,110,878,369.26	1,138,092,635.67
Construction in progress	136,072,325.47	106,575,581.28
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	485,361,193.07	483,887,751.05
Research and development costs	53,384,939.68	56,295,271.74
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	85,567,635.96	77,849,317.77
Other non-current assets		
Total non-current assets	3,747,850,841.01	3,613,759,394.30
Total assets	11,105,229,021.03	10,969,628,584.56
Current liabilities		
Short-term borrowings	1,263,629,500.00	1,009,757,944.82
Trading financial liability	5,645,175.50	1,016,052.00
Derivative financial liability		

Notes payable	1,692,215,768.61	1,936,867,907.42
Account payable	1,607,267,367.02	1,497,704,307.48
Accounts received in advance		147,365,864.56
Contractual liability	102,466,608.50	
Wage payable	37,642,063.08	39,633,867.87
Taxes payable	16,665,081.43	20,427,731.13
Other accounts payable	414,944,985.73	520,559,494.30
Including: Interest payable	6,656,384.49	13,175,235.76
Dividend payable	3,866,628.25	3,579,491.94
Liability held for sale		
Non-current liabilities due within one year	305,000,000.00	
Other current liabilities		
Total current liabilities	5,445,476,549.87	5,173,333,169.58
Non-current liabilities:		
Long-term loans	292,640,000.00	401,280,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable	11,962,977.24	13,774,110.61
Accrued liabilities	137,169,182.74	158,742,319.21
Deferred income	68,548,120.84	67,664,815.53
Deferred income tax liabilities		742,725.60
Other non-current liabilities		
Total non-current liabilities	510,320,280.82	642,203,970.95
Total liabilities	5,955,796,830.69	5,815,537,140.53
Owners' equity:		
Share capital	1,044,597,881.00	1,044,597,881.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	2,753,017,007.10	2,753,017,007.10
Less: Inventory shares		

Other comprehensive income		
Special reserve		
Surplus reserve	410,568,694.52	410,568,694.52
Retained profit	941,248,607.72	945,907,861.41
Total owner's equity	5,149,432,190.34	5,154,091,444.03
Total liabilities and owner's equity	11,105,229,021.03	10,969,628,584.56

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

3. Consolidated Profit Statement

In RMB

Item	2020 semi-annual	2019 semi-annual
I. Total operating income	6,795,860,736.99	9,133,162,680.94
Including: Operating income	6,795,860,736.99	9,133,162,680.94
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	7,023,628,758.57	9,117,690,815.20
Including: Operating cost	5,753,849,889.35	7,490,555,537.25
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	55,304,713.23	80,639,759.74
Sales expense	923,983,428.23	1,244,391,756.87
Administrative expense	135,469,692.92	164,393,042.70

R&D expense	167,889,148.89	120,048,040.86
Financial expense	-12,868,114.05	17,662,677.78
Including: Interest expenses	45,498,046.65	57,892,999.31
Interest income	74,784,016.69	59,401,426.37
Add: other income	54,852,125.20	35,311,208.60
Investment income (Loss is listed with “-”)	7,151,886.26	11,663,963.45
Including: Investment income on affiliated company and joint venture	209,880.54	-8,822,000.32
The termination of income recognition for financial assets measured by amortized cost(Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)	-9,724,752.12	3,364,790.24
Loss of credit impairment (Loss is listed with “-”)	-22,270,221.19	9,545,495.95
Losses of devaluation of asset (Loss is listed with “-”)	-26,583,248.58	-10,615,932.01
Income from assets disposal (Loss is listed with “-”)	-178,704.98	-937,771.74
III. Operating profit (Loss is listed with “-”)	-224,520,936.99	63,803,620.23
Add: Non-operating income	3,445,609.21	2,476,197.02
Less: Non-operating expense	959,554.13	2,362,526.37
IV. Total profit (Loss is listed with “-”)	-222,034,881.91	63,917,290.88
Less: Income tax expense	-2,863,011.42	17,701,260.34
V. Net profit (Net loss is listed with “-”)	-219,171,870.49	46,216,030.54
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	-219,171,870.49	46,216,030.54
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	-210,130,580.93	54,334,022.57
2.Minority shareholders’ gains and losses	-9,041,289.56	-8,117,992.03

VI. Net after-tax of other comprehensive income	-1,009,706.23	-6,957,381.18
Net after-tax of other comprehensive income attributable to owners of parent company	-630,002.84	-4,411,347.06
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss	-630,002.84	-4,411,347.06
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements	-630,002.84	-4,411,347.06
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders	-379,703.39	-2,546,034.12
VII. Total comprehensive income	-220,181,576.72	39,258,649.36
Total comprehensive income attributable to owners of parent Company	-210,760,583.77	49,922,675.51
Total comprehensive income attributable to minority shareholders	-9,420,992.95	-10,664,026.15
VIII. Earnings per share:		
(i) Basic earnings per share	-0.2012	0.0520
(ii) Diluted earnings per share	-0.2012	0.0520

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

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

4. Profit Statement of Parent Company

In RMB

Item	2020 semi-annual	2019 semi-annual
I. Operating income	3,213,963,833.18	4,534,756,227.34
Less: Operating cost	3,022,119,390.15	4,032,394,105.20
Taxes and surcharge	30,342,788.85	37,629,052.43
Sales expenses	110,175,334.78	338,606,135.03
Administration expenses	56,166,016.62	68,435,172.51
R&D expenses	70,182,219.29	51,474,328.29
Financial expenses	-15,767,670.19	8,505,383.95
Including: interest expenses	37,724,956.37	42,484,006.95
Interest income	62,490,589.12	40,313,424.26
Add: other income	37,653,498.87	18,499,284.82
Investment income (Loss is listed with “-”)	77,837,668.60	24,118,870.80
Including: Investment income on affiliated Company and joint venture	2,738,300.44	-2,832,319.70
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)	-7,780,805.90	3,434,946.59
Loss of credit impairment (Loss is listed with “-”)	-5,196,835.46	12,788,678.01
Losses of devaluation of asset (Loss is listed with “-”)	-5,212,993.91	-2,792,854.97
Income on disposal of assets (Loss is listed with “-”)	-319,589.42	-791,312.06
II. Operating profit (Loss is listed with “-”)	37,726,696.46	52,969,663.12

Add: Non-operating income	1,382,900.11	220,590.00
Less: Non-operating expense		
III. Total Profit (Loss is listed with “-”)	39,109,596.57	53,190,253.12
Less: Income tax	-8,461,043.79	1,057,961.59
IV. Net profit (Net loss is listed with “-”)	47,570,640.36	52,132,291.53
(i) continuous operating net profit (net loss listed with “-”)	47,570,640.36	52,132,291.53
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	47,570,640.36	52,132,291.53
VII. Earnings per share:		
(i) Basic earnings per share	0.0455	0.0499
(ii) Diluted earnings per share	0.0455	0.0499

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

5. Consolidated Cash Flow Statement

In RMB

Item	2020 semi-annual	2019 semi-annual
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	6,157,786,632.53	8,808,462,153.80
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received	251,421,150.31	190,487,049.58
Other cash received concerning operating activities	74,202,707.99	77,246,943.31
Subtotal of cash inflow arising from operating activities	6,483,410,490.83	9,076,196,146.69
Cash paid for purchasing commodities and receiving labor service	5,671,705,593.94	7,057,460,101.03
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		

Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	671,140,486.91	823,360,788.76
Taxes paid	122,903,758.87	300,839,972.73
Other cash paid concerning operating activities	405,765,609.52	521,051,283.98
Subtotal of cash outflow arising from operating activities	6,871,515,449.24	8,702,712,146.50
Net cash flows arising from operating activities	-388,104,958.41	373,484,000.19
II. Cash flows arising from investing activities:		
Cash received from recovering investment	185,000,000.00	1,384,000,000.00
Cash received from investment income	10,469,068.45	31,627,554.38
Net cash received from disposal of fixed, intangible and other long-term assets	210,271.10	1,677,670.77
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	68,390,962.53	54,906,734.15
Subtotal of cash inflow from investing activities	264,070,302.08	1,472,211,959.30
Cash paid for purchasing fixed, intangible and other long-term assets	234,361,940.15	202,145,813.88
Cash paid for investment	735,280,051.17	1,254,000,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		11,141,590.61
Subtotal of cash outflow from investing activities	969,641,991.32	1,467,287,404.49
Net cash flows arising from investing activities	-705,571,689.24	4,924,554.81
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	1,460,006,749.33	1,139,670,561.25
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	1,460,006,749.33	1,139,670,561.25
Cash paid for settling debts	863,778,688.78	1,614,633,080.08
Cash paid for dividend and profit distributing or interest paying	93,535,991.73	100,227,663.84
Including: Dividend and profit of minority shareholder paid by subsidiaries	4,796,676.00	2,274,030.00

Other cash paid concerning financing activities	930,211.84	25,441,649.20
Subtotal of cash outflow from financing activities	958,244,892.35	1,740,302,393.12
Net cash flows arising from financing activities	501,761,856.98	-600,631,831.87
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-1,424,516.77	3,541,851.94
V. Net increase of cash and cash equivalents	-593,339,307.44	-218,681,424.93
Add: Balance of cash and cash equivalents at the period -begin	5,385,807,475.51	4,484,643,187.93
VI. Balance of cash and cash equivalents at the period -end	4,792,468,168.07	4,265,961,763.00

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

6. Cash Flow Statement of Parent Company

In RMB

Item	2020 semi-annual	2019 semi-annual
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	3,141,710,817.95	4,398,710,855.09
Write-back of tax received	107,087,533.56	86,062,145.56
Other cash received concerning operating activities	47,856,925.29	30,523,890.39
Subtotal of cash inflow arising from operating activities	3,296,655,276.80	4,515,296,891.04
Cash paid for purchasing commodities and receiving labor service	2,941,987,065.27	3,813,992,469.51
Cash paid to/for staff and workers	161,430,366.15	263,503,252.87
Taxes paid	33,476,947.97	64,988,153.11
Other cash paid concerning operating activities	141,140,278.49	197,408,073.39
Subtotal of cash outflow arising from operating activities	3,278,034,657.88	4,339,891,948.88
Net cash flows arising from operating activities	18,620,618.92	175,404,942.16
II. Cash flows arising from investing activities:		
Cash received from recovering investment	150,000,000.00	1,384,000,000.00
Cash received from investment income	78,655,551.41	36,217,554.38
Net cash received from disposal of fixed, intangible and other long-term assets	193,300.00	1,320,000.00

Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	54,966,416.09	278,374,247.03
Subtotal of cash inflow from investing activities	283,815,267.50	1,699,911,801.41
Cash paid for purchasing fixed, intangible and other long-term assets	75,044,489.91	93,641,143.54
Cash paid for investment	835,280,049.17	1,260,000,000.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		59,266,363.88
Subtotal of cash outflow from investing activities	910,324,539.08	1,412,907,507.42
Net cash flows arising from investing activities	-626,509,271.58	287,004,293.99
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	1,058,647,533.33	909,409,999.44
Other cash received concerning financing activities	9,652,301.36	55,543,648.47
Subtotal of cash inflow from financing activities	1,068,299,834.69	964,953,647.91
Cash paid for settling debts	614,397,944.82	1,373,985,025.00
Cash paid for dividend and profit distributing or interest paying	83,234,428.66	90,576,186.82
Other cash paid concerning financing activities	166,648,785.81	115,345,079.52
Subtotal of cash outflow from financing activities	864,281,159.29	1,579,906,291.34
Net cash flows arising from financing activities	204,018,675.40	-614,952,643.43
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	182,509.41	1,260,766.69
V. Net increase of cash and cash equivalents	-403,687,467.85	-151,282,640.59
Add: Balance of cash and cash equivalents at the period -begin	4,017,400,437.18	2,894,384,811.05
VI. Balance of cash and cash equivalents at the period -end	3,613,712,969.33	2,743,102,170.46

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

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

This Period

In RMB

Item	2020 semi-annual														
	Owners' equity attributable to the parent Company												Minority interests	Total owners' equity	
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other			Subtotal
		Preferred stock	Perpetual capital securities	Other											
I. Balance at the end of the last year	1,044,597,881.00				2,684,366,619.10		-18,931,430.36		410,786,860.20		884,127,743.42		5,004,947,673.36	107,027,038.74	5,111,974,712.10
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. Balance at the beginning of this year	1,044,597,881.00				2,684,366,619.10		-18,931,430.36		410,786,860.20		884,127,743.42		5,004,947,673.36	107,027,038.74	5,111,974,712.10
III. Increase/Decrease in this year (Decrease is listed with “-”)					-559,888.62		-630,002.84				-262,360,474.98		-263,550,366.44	-14,537,831.49	-278,088,197.93

(i) Total comprehensive income							-630,002.84					-210,130,580.93		-210,760,583.77	-9,420,992.95	-220,181,576.72
(ii) Owners' devoted and decreased capital						-559,888.62								-559,888.62	279,839.46	-280,049.16
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						-559,888.62								-559,888.62	279,839.46	-280,049.16
(III) Profit distribution												-52,229,894.05		-52,229,894.05	-5,396,678.00	-57,626,572.05
1. Withdrawal of surplus reserves																
2. Withdrawal of general risk provisions																
3. Distribution for owners (or shareholders)												-52,229,894.05		-52,229,894.05	-4,796,678.00	-57,026,572.05
4. Other															-600,000.00	-600,000.00
(IV) Carrying forward internal owners' equity																
1. Capital reserves converted to capital (share capital)																

2. Surplus reserves converted to capital (share capital)															
3. Remedying loss with surplus reserve															
4 . Carry-over retained earnings from the defined benefit plans															
5 . Carry-over retained earnings from other comprehensive income															
6. Other															
(V) Reasonable reserve															
1. Withdrawal in the report period															
2. Usage in the report period															
(VI)Others															
IV. Balance at the end of the report period	1,044,597,881.00				2,683,806,730.48		-19,561,433.20		410,786,860.20		621,767,268.44		4,741,397,306.92	92,489,207.25	4,833,886,514.17

Last Period

In RMB

Item	2019 semi-annual														
	Owners' equity attributable to the parent Company												Minority interests	Total owners' equity	
	Share capital	Other equity instrument			Capital reserve	Less: Inventory	Other comprehensive income	Reasonable	Surplus reserve	Provision of general	Retained profit	Other			Subtotal
		Prefe	Perpe	Other											

		red stock	tual capit al secur ities			shares		reser ve		l risk				
I. Balance at the end of the last year	1,044,597,881.00				2,684,369,598.46		-18,143,569.26		400,673,993.50		904,232,582.87		5,015,730,486.57	119,819,558.59 5,135,550,045.16
Add: Changes of accounting policy									-1,023,250.12		-2,734,328.91		-3,757,579.03	-4,385,295.55 -8,142,874.58
Error correction of the last period														
Enterprise combine under the same control														
Other														
II. Balance at the beginning of this year	1,044,597,881.00				2,684,369,598.46		-18,143,569.26		399,650,743.38		901,498,253.96		5,011,972,907.54	115,434,263.04 5,127,407,170.58
III. Increase/Decrease in this year (Decrease is listed with "-")					-2,979.36		-787,861.10		11,136,116.82		-17,370,510.54		-7,025,234.18	-8,407,224.30 -15,432,458.48
(i) Total comprehensive income							-787,861.10				56,441,479.14		55,653,618.04	-14,209,434.27 41,444,183.77
(ii) Owners' devoted and decreased capital					-2,979.36								-2,979.36	8,143,349.03 8,140,369.67
1.Common shares invested by shareholders														8,140,369.67 8,140,369.67
2. Capital invested by holders of other equity instruments														

3. Amount reckoned into owners equity with share-based payment															
4. Other					-2,979.36							-2,979.36	2,979.36		
(III) Profit distribution								11,136,116.82		-73,811,989.68		-62,675,872.86	-2,341,139.06	-65,017,011.92	
1. Withdrawal of surplus reserves								11,136,116.82		-11,136,116.82					
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)										-62,675,872.86		-62,675,872.86	-2,341,139.06	-65,017,011.92	
4. Other															
(IV) Carrying forward internal owners' equity															
1. Capital reserves converted to capital (share capital)															
2. Surplus reserves converted to capital (share capital)															
3. Remedying loss with surplus reserve															
4 . Carry-over retained earnings from the defined benefit plans															
5 . Carry-over retained earnings from other comprehensive															

income															
6. Other															
(V) Reasonable reserve															
1. Withdrawal in the report period															
2. Usage in the report period															
(VI)Others															
IV. Balance at the end of the report period	1,044,597,881.00				2,684,366,619.10		-18,931,430.36		410,786,860.20		884,127,743.42		5,004,947,673.36	107,027,038.74	5,111,974,712.10

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

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

This Period

In RMB

Item	2020 semi-annual											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	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				410,568,694.52	945,907,861.41		5,154,091,444.03

Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	1,044,597,881.00				2,753,017,007.10				410,568,694.52	945,907,861.41		5,154,091,444.03
III. Increase/ Decrease in this year (Decrease is listed with "-")										-4,659,253.69		-4,659,253.69
(i) Total comprehensive income										47,570,640.36		47,570,640.36
(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										-52,229,894.05		-52,229,894.05
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-52,229,894.05		-52,229,894.05
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves conversed to capital (share												

capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4 . Carry-over retained earnings from the defined benefit plans												
5 . Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI)Others												
IV. Balance at the end of the report period	1,044,597,881.00				2,753,017,007.10				410,568,694.52	941,248,607.72		5,149,432,190.34

Last period

In RMB

Item	2019 semi-annual											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	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				400,455,827.82	917,567,933.94		5,115,638,649.86
Add: Changes of									-1,023,250.12	-9,209,251.03		-10,232,501.15

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				399,432,577.70	908,358,682.91		5,105,406,148.71
III. Increase/ Decrease in this year (Decrease is listed with “-”)									11,136,116.82	37,549,178.50		48,685,295.32
(i) Total comprehensive income										111,361,168.18		111,361,168.18
(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									11,136,116.82	-73,811,989.68		-62,675,872.86
1. Withdrawal of surplus reserves									11,136,116.82	-11,136,116.82		
2. Distribution for owners (or shareholders)										-62,675,872.86		-62,675,872.86
3. Other												
(IV) Carrying forward internal owners’ equity												
1. Capital reserves conversed to capital (share capital)												

2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4 . Carry-over retained earnings from the defined benefit plans												
5 . Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI)Others												
IV. Balance at the end of the report period	1,044,597,881.00				2,753,017,007.10				410,568,694.52	945,907,861.41		5,154,091,444.03

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

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

From 1 January 2020 to 30 June 2020

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

I. Company profile

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

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

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

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

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

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

From 1 January 2020 to 30 June 2020

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

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

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

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

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

Ended as 30 June 2020, 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:

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

From 1 January 2020 to 30 June 2020

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

Type of stock	Quantity	Proportion
(1)Restricted shares	10,472,676	1.00%
1. State-owned shares		
2. State-owned legal person's shares	1,653,735	0.16%
3. Other domestic shares	7,551,521	0.72%
Including: Domestic legal person's shares	3,978,329	0.38%
Domestic natural person's shares	3,573,192	0.34%
4. Foreign shares	1,267,420	0.12%
Including: Overseas legal person's shares		
Overseas natural person's shares	1,267,420	0.12%
(2)Unrestricted shares	1,034,125,205	99.00%
1. RMB Ordinary shares	872,528,625	83.53%
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: Wu Dinggang; register capital (paid-in capital): RMB 1,044,597,881; type of company: limited liability company(joint venture and listed of Taiwan, Hong Kong and Macao) Business Scope: R&D, manufacture and sales of cooling apparatus, air-conditioner, washing machine, water heater, kitchenware, home decoration, bathroom, lamps & lanterns, household & similar appliance, injection plastic machine of computer controlling, plastic products, metalwork, packaging products and decorations as well as the installation and technical consultant services. Business of self-produced products, technology export and import-export of the raw& auxiliary materials, machinery equipment, instrument and technology; department sales and transportation (Excluding dangerous chemicals), computer network system integration, intelligent product system integration, software development and technical information services, development, production, sales and service of automation equipment and electronic products, sales services of cold chain transport vehicles and refrigerator and freezer van, development, production, sales and service of cold chain insulation boxes, research and development, production, sales and service of cold storage, commercial freezer chain display cabinets, commercial cold chain products. (Projects that require approval in accordance with the law can only be operated after approval by relevant departments)

II. Scope of consolidated financial statement

In the reporting period, the consolidated financial statements of the Company cover 35 subsidiaries, including Sichuan Changhong Air-conditioner Co., Ltd, Zhongshan Changhong Electric Co., Ltd. and Zhongke Meiling Cryogenic Technology Co., Ltd. etc. Compared with the previous year, during the reporting

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

From 1 January 2020 to 30 June 2020

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

period subsidiary-Guangxi Huidian Household Electrical Appliances Co., Ltd was out of the consolidate scope due to liquidation cancellation. Found more in “VII. Changes in the scope of merger” and “VIII. Equity in other entities” carry in the Note

III. Basis for preparation of financial statement

1. Basis for preparation

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

2. Continuous operation

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

IV. Significant Accounting Policy and accounting Estimation

1. Statement on observation of accounting standards for enterprise

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

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

From 1 January 2020 to 30 June 2020

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

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

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

From 1 January 2020 to 30 June 2020

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

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

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

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

From 1 January 2020 to 30 June 2020

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

the decrease of the shared net assets of the subsidiary is adjusted to capital premium (share premium). In case capital reserve is not sufficient to offset the difference, retained earnings will be adjusted.

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

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9. Foreign currency business and foreign currency financial statement conversion

(1) Foreign currency business

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

(2) Conversion of foreign currency financial statement

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

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

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

Fair value refers to the price that a market participant can get by selling an asset or has to pay for transferring a liability in an orderly transaction that occurs on the measurement date. For a financial instrument having an active market, the Company uses the quoted prices in the active market to determine its fair value. Quotations in an active market refer to prices that are readily available from exchanges, brokers, industry associations, pricing services, etc., and represent the prices of market transactions that actually occur in an

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arm's length transaction. If there is no active market for a financial instrument, the Company uses valuation techniques to determine its fair value. Valuation techniques include reference to prices used in recent market transactions by parties familiar with the situation and through voluntary trade, and reference to current fair values of other financial instruments that are substantially identical, discounted cash flow methods, and option pricing models.

(2) Category and measurement on financial assets

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

1) The financial assets measured at amortized cost

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

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

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

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within one year (including one year) from the balance sheet date are listed as non-current assets due within one year; and other debt investments with time limit within one year (including one year) when acquired are listed as other current assets.

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

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

(3) Devaluation of financial instrument

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

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

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

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

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

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

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

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

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

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

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

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

If part transfer of financial assets satisfies the demand for derecognition, apportion the integral book value of the transferred financial assets between the derecognized parts and the parts not yet derecognized according to each relative fair value, and reckon the balance between the sum of consideration received from transfer

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and fluctuation accumulated amount of fair value formerly reckoned in other consolidated income that should be apportioned to the derecognized parts and the apportioned aforementioned carrying amounts in the current profits and losses.

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

(5) Category and measurement of financial liability

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

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

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

② Other financial liability

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

③ Financial guarantee contract

The financial guarantee contract of a financial liability which is not designated to be measured at fair value

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through profit or loss is initially recognized at fair value, and its subsequent measurement is carried out by the higher one between the amount confirmed in accordance with the Accounting Standards for Business Enterprises No. 13 — Contingencies after initial recognition and the balance after deducting the accumulated amortization amount determined in accordance with the principle of Accounting Standards for Business Enterprises No. 14—Revenue from the initial recognition amount.

(6) Termination of recognition of financial liability

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

(7) Balance-out between the financial assets and liabilities

As the Group has the legal right to balance out the financial liabilities by the net or liquidation of the financial assets, the balance-out sum between the financial assets and liabilities is listed in the balance sheet. In addition, the financial assets and liabilities are listed in the balance sheet without being balanced out.

(8) Derivatives and embedded derivatives

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

(9) Equity instrument

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

11. Inventory

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

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

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

12. 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 king 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

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equity investment which is acquired through debt reorganization and non-monetary assets exchange, regulations of relevant accounting standards shall be referred to for confirming investment cost.

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

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

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

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

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13. Investment real estate

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

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

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

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

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

14. 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 equipment, transportation equipment and other equipment

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

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agreements, while as for the agreed value of investment contracts or agreements which is not fair, it shall take its fair value as credit value; and for fixed assets which are leased in through finance leasing, credit value is the lower of fair value of leased assets and present value of minimized leasing payment as at the commencing date of leasing.

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

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

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

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.

15. Construction in progress

Construction in progress 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 equipment, 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 progress.

16. Borrowing expense

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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.

17. Intangible assets

The Company holds intangible assets including land use right, trademark, patent technology and non-patent technology. Intangible assets are measured according to the effective costs paid for obtaining the assets. For those intangible assets purchased in by the Company, their effective cost consist of actual payment and relevant other expenditure; for the intangible assets input by investors, effective cost is determined according to the value agreed in investment contracts and agreements, while if the agreed value is not fair, then effective value is confirmed according to fair value.

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

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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.

18. 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 asset 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.

19. Impairment of non-financial long-term assets

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

After impairment test, if the carrying value exceeds the recoverable amount of the asset, the balance is recognized as impairment loss. As long as impairment loss of the aforementioned assets is recognized, it

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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

20. 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.

21. 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 one year (excluding one 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.

22. 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.

23. Accrual liability

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

24. Principle of recognition of revenue and measurement method

Revenue is the total inflow of economic benefits formed in the Company's daily activities that increase shareholders' equity and have nothing to do with the capital invested by shareholders. The Company has fulfilled the performance obligations in the contract, that is, revenue is recognized when the customer obtains control of the relevant goods or services.

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

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

If there is a significant financing component in the contract, the Company shall determine the transaction price based on the amount payable on the assumption that the customer pays in cash when obtaining the control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest method during the contract period. On the starting date of the contract, if the Company expects that the interval between the customer's acquisition of control of the goods or services and the customer's payment of the price doesn't exceed one year, the significant financing components in the contract shall be ruled out.

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

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

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

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

- 1) The Company has the current right to collect payment for the goods or services;
- 2) The Company has transferred the goods in kind to the customer;
- 3) The Company has transferred the legal ownership of the product or the main risks and rewards of ownership to the customer;

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4) The customer has accepted the goods or services, etc.

The Company's right (and the right depends on other factors other than the passage of time) to collect consideration arising from transferring goods or services to customers is listed as contract assets, and contract assets are devalued on the basis of expected credit losses. The Company's unconditional (only depending on the passage of time) right to collect consideration from customers is listed as receivables. The Company's obligation to transfer goods or services to customers for consideration received or receivable from customers is listed as contract liabilities.

The specific accounting policies related to the Company's main activities are described as follows:

(1) Transfer of goods

The sales of goods between the Company and customers usually takes the point in time when the goods' control rights are transferred to recognize revenue after considering the acquisition of current collection right of the goods, the transfer of the main risks and rewards of the ownership of the goods, the transfer of the legal ownership of the goods, the transfer of the physical assets of the goods, the customer's acceptance of the goods, and other factors.

(2) Transfer of service

The transfer of service between the Company and its customers usually includes technical services, labor services, etc.; the Company regards the transfer of service as a performance obligation performed within a certain period of time, and recognizes revenue according to the performance progress, unless the performance progress cannot be reasonably determined. The Company determines the performance progress of the service delivery in accordance with the input method. When the performance progress cannot be reasonably determined, if the cost incurred by the Company is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

(3) Transfer of the right to use assets

For the business of transferring asset use rights, the Company confirms the realization of the income from the transfer of asset use rights when the economic benefits related to the transaction are likely to flow into the company and the amount of income can be reliably measured in accordance with the relevant contract or agreement.

(4) Quality assurance obligations

According to the agreement of contract, legal provisions, etc., the Company provides quality assurance for the goods sold. For guarantee-type quality assurance to assure customers that the goods sold meet the established standards, the Company conducts accounting treatment in accordance with estimated liabilities. For the service-type quality assurance that provides a separate service in order to assure customers that the goods sold meet the established standards, the Company regards it as a single performance obligation, allocates part of the transaction price to the service quality assurance based on the relative proportion of the stand-alone selling price of the quality assurance of goods and services, and recognizes the revenue during the period of fulfilling the single performance obligation. When evaluating whether the quality assurance provides a separate service in addition to ensuring that the goods sold meet the established standards, the

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Company considers whether the quality assurance is a legal requirement or industry practice, the quality assurance period, and the nature of the company's commitment to perform the tasks, and other factors.

(5) Contractual rights not exercised by customer

When the Company receives payment for sales of goods or services from customers in advance, the payment is first recognized as a liability, and then converted into revenue when the relevant performance obligations are fulfilled. When the Company's advance receipts do not need to be returned, and the customer may give up all or part of their contractual rights, and the Company expects to be entitled to obtain the amount related to the contractual rights waived by the customer, the above amount is recognized as revenue in proportion according to the mode of the client's exercise of contractual rights, otherwise, the Company only converts the relevant balance of the above liabilities into revenue when the possibility of the customer requesting to fulfill the remaining performance obligations is extremely low. Contract liabilities refer to the Company's obligation to transfer goods or services to customers for consideration received or receivable from customers.

25. Contract cost

Contract cost include incremental cost incurred to obtain contracts and contract performance costs.

The incremental cost incurred to obtain the contract refers to the cost (such as sales commission, etc.) that will not incur if the Company doesn't obtain the contract. If the cost is expected to be taken back, the Company will regard it as a contract acquisition cost and recognize it as an asset. The Company's expenses incurred to obtain the contract, other than the incremental cost that is expected to be taken back, are included in the current profit and loss when incurred.

If the cost incurred to fulfill the contract does not fall within the scope of other business accounting standards such as inventory and meets the following conditions at the same time, the Company will regards it as the contract performance cost and recognize it as an asset:

- 1) The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), cost clearly borne by the customer and other costs incurred only due to the contract;
- 2)The cost increases the Company's future resources for fulfilling contract performance obligations; and
- 3)The cost is expected to be recovered.

Assets recognized for contract acquisition costs and assets recognized for contract performance costs (hereinafter referred to as "assets related to contract costs") are amortized on the same basis as the revenue recognition of goods or services related to the asset and included in the current profit and loss. If the amortization period does not exceed one year, it shall be included in the current profit and loss when it occurs.

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If the book value of assets related to contract costs is higher than the difference between the following two items, the Company will make provisions for impairment for the excess part and recognize it as an asset impairment loss:

- 1) The remaining consideration expected to be obtained due to the transfer of goods or services related to the asset;
- 2) Costs estimated to incur for the transfer of the related goods or services.

26. Government subsidy

The government subsidy shall be recognized when the Company is able to meet the conditions attached and is able to receive it. The Government subsidy, other than fiscal subsidy, received by the Company shall be accounted on an aggregate basis. In particular, the Government subsidies relating to ordinary activities would be included in other income; the Government subsidies not relating to ordinary activities would be included in non-operating income.

When the Government subsidy is in the form of monetary assets, it is measured at the actual amount received. The subsidy allocated according to fixed quota standards shall be measured by the amount receivable; When the Government subsidy is in the form of non-monetary assets, it is measured at fair value, and measured at the nominal value of RMB 1.00 in case of failure to obtain reliable fair value.

(1) Basis of determination and accounting of Government subsidy relating to assets

Government subsidy relating to assets refers to that obtained by the Company for the purpose of acquiring or otherwise formation of long-term assets. Government subsidy relating to assets is deemed as that relating to ordinary activities in principle and recognized as deferred income upon receipt. The Government subsidy 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 subsidy relating to income

Government subsidy relating to income refers to the Government subsidy other than that relating to assets. Government subsidy 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 subsidies 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.

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With respect to Government subsidy 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 taxable income (or deductible losses), no corresponding deferred income tax assets and deferred income tax liabilities will be recognized. As of the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the effective tax rate applicable to the period when recovery of assets or settlement of liabilities occur.

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

28. Lease

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

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

The operating lease is the lease apart from the financial leasing. The Company, as a lease holder, accounts

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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 be sold satisfies the conditions for being classified as held for sale; and all the assets and liabilities of the subsidiary shall be classified as held for sale in the consolidated financial statements.

(4)If the net amount of fair value of non-current assets held for sale less sales expense on subsequent balance sheet date increases, the amount previously reduced for accounting shall be recovered and reverted from the impairment loss recognized after the asset is classified under the category of held for sale, with the amount

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

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

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

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

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

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

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

30. Discontinued operation

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

31. Income tax accounting

The Company accounted the income tax in a method of debit in balance sheet. The income tax expenses

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

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

32. Segment information

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

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 equipment which have

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impairment indication and long-term assets such as goodwill as at the balance sheet date. The recoverable amount of relevant assets and assets group shall be the present value of the projected future cash flow which shall be calculated with accounting estimation.

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

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

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

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

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

(5) Projected liabilities arising from product quality guarantee

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

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

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

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

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

35. Change of significant accounting policies and accounting estimates

(1) Change of significant accounting policy

Content and reasons	Approval procedure	Note
On 5 July 2017, the Ministry of Finance revised and issued the <i>Accounting Standards for Business Enterprises No. 14 - Revenue</i> , and the Company implemented since 1 Jan. 2020.	Approved by 41 st session of 9 th BOD	Found below as details

New Revenue standards are implemented by the Company and its subsidiaries for the first time in the period, and according to the regulation of Accounting Division of the Ministry of Finance CK[2019] No.6, impacts on balance sheet at period-begin of the consolidate and parent company from change of the above mentioned accounting policies are as:

Item affected	Consolidated balance sheet			Balance sheet of parent company		
	2019-12-31 (Before adjustment)	Amount adjusted	2020-1-1(After adjustment)	2019-12-31 (Before adjustment)	Amount adjusted	2020-1-1(After adjustment)
Advance payment	425,149,194.97	-425,149,194.97		147,365,864.56	-147,365,864.56	
Contractual liabilities		425,149,194.97	425,149,194.97		147,365,864.56	147,365,864.56

(2) Change of significant accounting estimates

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The Company had no change of significant accounting estimates in Current Period.

V. Taxation

1. Major taxes (expenses) and tax rates

Tax(expenses)	Tax base	Tax rate
VAT	Income from sales of goods and from processing	13%、9%、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%、20%、25%
House Property Tax	Original Book value of house property $\times (1-30\%)$ or annual rent income	1.2% or 12%
Land use tax	Actual land area used	1 Yuan/M ² to 15 Yuan /M ²

2. Preferential tax and approval documents

The Company and its subsidiary Zhongke Meiling Cryogenic Technology Co., Ltd. has passed the review for high-tech enterprise certification on 20 July 2017, and continuous to enjoy 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

The subsidiary Zhongshan Changhong Electric Co., Ltd. has passed the review for high-tech enterprise certification on 9 November 2017, and continuous to enjoy 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

The subsidiary Sichuan Hongmei Intelligent Technology Co., Ltd. has passed the qualification of high-tech enterprise certification on 3 December 2018, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

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.

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

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

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The subsidiary Hefei Meiling Nonferrous Metal Products Co., Ltd. has passed the qualification of high-tech enterprise certification on 26 October 2018, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term.

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

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

The subsidiary Anhui Tuoxing Technology Co., Ltd. is in compliance with the relevant standards for small and medium-sized enterprises with meager profits in the Notice on the Implementation of Inclusive Tax Relief Policies for Small and Micro Enterprises (Caishui [2019] No. 13) of the Ministry of Finance and the State Administration of Taxation, and temporarily implements below policies: the part of annual taxable income that does not exceed one million yuan is included in taxable income by 25% after a reduction, and corporate income tax is paid at a tax rate of 20%; while the part of annual taxable income exceeds one million yuan but not exceeding three million yuan is included in taxable income by 50% after a reduction, and corporate income tax is paid at a tax rate of 20%, which is valid until December 31, 2021.

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

With respect to the financial statements figures disclosed below, unless otherwise specified, “period-beginning” refers to Jan. 1, 2020; “period-end” refers to Jun. 30, 2020; “Current Period” refers to Jan. 1 to Jun. 30, 2020; “the last period” refers to Jan. 1 to Jun. 30, 2019; the currency is RMB.

1. Monetary fund

Item	Ending balance	Opening Balance
Cash	128,714.24	44,818.07
Bank deposit	4,554,664,202.70	4,771,094,609.77
Other Monetary fund	351,940,377.10	728,461,602.80
Total	4,906,733,294.04	5,499,601,030.64
Including: total amount deposited in overseas	8,859,504.98	25,326,137.49

Other monetary fund:

Item	Ending balance
Cash deposit	350,315,615.71

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Item	Ending balance
Account of foreign currency for verification	160,225.03
Union Pay online	854,615.47
Taobao account	609,920.89
Total	351,940,377.10

Cash deposit which serves as non cash and cash equivalents refers to the banking acceptance draft deposit with a term of over three months, amounting to 86,410,721.99 yuan, Guarantee deposit 1,120,000.00, the amount restricted for used in managed account was 1,501,998.18 yuan, balance of the loan guarantee for loans from overseas subsidiary amounted as 23,232,000.00 yuan. Due to asset preservation restrictions 1,800,000.00 yuan, China Union Pay, Taobao account and Ten Pay are all third party payment platforms. Except for the deposit of 200,000.00 yuan, utilization of other balance is not subject to any restriction.

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

2. Tradable financial assets

Item	Ending balance	Opening Balance
Financial assets measured at fair value and whose changes are included in current gains/losses	2,944,998.77	7,730,268.92
Including: Derivative financial assets	2,944,998.77	7,730,268.92

Tradable financial assets refers to the RMB forward exchange fund in Current Period

3. Note receivable

(1) Category of note receivable

Item	Ending balance	Opening Balance
Bank acceptance	1,048,215,589.84	1,676,718,999.50
Trade acceptance	107,157,224.53	190,350,000.00
Total	1,155,372,814.37	1,867,068,999.50
Less: bad debt provision	2,355,263.04	1,903,500.00
Book value	1,153,017,551.33	1,865,165,499.50

(2) By accrual of bad debt provision

Category	Ending balance		
	Book balance	Bad debt provision	Book value

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	Amount	Ratio	Amount	Ratio	
With bad debt provision accrual on single item	1,048,215,589.84	90.73%			1,048,215,589.84
Including: bank acceptance	1,048,215,589.84	90.73%			1,048,215,589.84
with bad debt provision accrual on portfolio	107,157,224.53	9.27%	2,355,263.04	2.20%	104,801,961.49
Including: trade acceptance	107,157,224.53	9.27%	2,355,263.04	2.20%	104,801,961.49
Total	1,155,372,814.37	100.00%	2,355,263.04	0.20%	1,153,017,551.33

(Continued)

Category	Opening Balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio	Amount	Ratio	
With bad debt provision accrual on single item	1,676,718,999.50	89.80%			1,676,718,999.50
Including: bank acceptance	1,676,718,999.50	89.80%			1,676,718,999.50
with bad debt provision accrual on portfolio	190,350,000.00	10.20%	1,903,500.00	1.00%	188,446,500.00
Including: trade acceptance	190,350,000.00	10.20%	1,903,500.00	1.00%	188,446,500.00
Total	1,867,068,999.50	100.00%	1,903,500.00	0.10%	1,865,165,499.50

1) Note receivable withdrawal bad debt provision by combination

Account age	Ending balance		
	Note receivable	Bad debt provision	Provision ratio
Within 3 months (3 months included)	92,893,993.57	928,939.94	1.00%
Over 3 months and within 6 months (6 months included)	14,263,230.96	1,426,323.10	10.00%
Total	107,157,224.53	2,355,263.04	2.20%

(3) Provision and reversed in this period

The amount of provision for bad debts in the current period is RMB 451,763.04 and no collection for accounts charge off previous period

(4) Notes receivable already pledged at the end of the period

Item	Amount pledge at period-end
Bank acceptance	331,387,334.54

Note: with purpose of improving the note utilization, the Company draw up bank acceptance by pledge parts of the outstanding notes receivable to the bank. For details of the pledge of bills receivable, see Note VI. 54. Assets with restricted ownership or use rights.

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

Item	Amount derecognition at period-end	Amount without derecognition at period-end
Bank acceptance	877,063,610.15	
Trade acceptance	142,893,993.57	
Total	1,019,957,603.72	

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

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

4. Account receivable

(1) Category of account receivable

Category	Ending balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
Account receivable that withdrawal bad debt provision by single item	1,316,387,441.66	49.82%	27,170,961.68	2.06%	1,289,216,479.98
Including: current payment with related party	1,039,175,029.17	39.33%	-		1,039,175,029.17
Account receivable with letter of credit	202,952,368.32	7.68%	-		202,952,368.32
Account receivable with single minor amount but withdrawal single item bad debt provision	74,260,044.17	2.81%	27,170,961.68	36.59%	47,089,082.49
Account receivable withdrawal bad debt provision by portfolio	1,326,051,663.74	50.18%	55,321,604.33	4.17%	1,270,730,059.41
Including: account receivable of engineering customers	229,675,170.03	8.69%	7,257,686.94	3.16%	222,417,483.09
Receivables other than engineering customers	1,096,376,493.71	41.49%	48,063,917.39	4.38%	1,048,312,576.32
Total	2,642,439,105.40	100.00%	82,492,566.01	3.12%	2,559,946,539.39

(Continued)

Category	Opening Balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
Account receivable that withdrawal bad debt provision by single item	746,199,837.64	51.49%	26,519,983.66	3.55%	719,679,853.98
Including: current payment with related	614,612,878.93	42.41%			614,612,878.93

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Category	Opening Balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
party					
Account receivable with letter of credit	52,306,821.66	3.61%			52,306,821.66
Account receivable with single minor amount but withdrawal single item bad debt provision	79,280,137.05	5.47%	26,519,983.66	33.45%	52,760,153.39
Account receivable withdrawal bad debt provision by portfolio	703,054,274.21	48.51%	34,772,146.53	4.95%	668,282,127.68
Including: account receivable of engineering customers	141,637,042.88	9.77%	3,940,749.05	2.78%	137,696,293.83
Receivables other than engineering customers	561,417,231.33	38.74%	30,831,397.48	5.49%	530,585,833.85
Total	1,449,254,111.85	100.00%	61,292,130.19	4.23%	1,387,961,981.66

1) 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, 102 clients involved.

2) Account receivable withdrawal bad debt provision by portfolio

A. Account receivable of engineering customers

Account age	Ending balance		
	Account receivable	Bad debt provision	Provision ratio
Within 3 months (3 months included)	96,246,154.52	-	
Over 3 months and within 6 months (6 months included)	54,513,578.86	-	
Over 6 months and within one year (One year included)	42,986,980.97	-	
Over one year - within 2 years (2 years included)	35,688,469.68	7,137,693.94	20.00%
Over 2 years - within 3 years (3 years included)	239,986.00	119,993.00	50.00%
Over 3 years	-	-	
Total	229,675,170.03	7,257,686.94	

B. Receivables other than engineering customers

Account age	Ending balance
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	Account receivable	Bad debt provision	Provision ratio
Within 3 months (3 months included)	934,998,070.63	9,349,980.71	1.00%
Over 3 months and within 6 months (6 months included)	81,998,231.31	8,199,823.13	10.00%
Over 6 months and within one year (One year included)	42,873,768.12	8,574,753.62	20.00%
Over one year - within 2 years (2 years included)	25,549,938.51	12,774,969.26	50.00%
Over 2 years - within 3 years (3 years included)	8,960,472.36	7,168,377.89	80.00%
Over 3 years	1,996,012.78	1,996,012.78	100.00%
Total	1,096,376,493.71	48,063,917.39	

(2) By account age

Item	Ending balance
Within 3 months (3 months included)	1,997,004,581.20
Over 3 months and within 6 months (6 months included)	271,432,556.95
Over 6 months and within one year (One year included)	182,933,812.94
Over one year - within 2 years (2 years included)	150,645,903.29
Over 2 years - within 3 years (3 years included)	28,438,365.84
Over 3 years	11,983,885.18
Total	2,642,439,105.40

(3) Bad debt reserves of account receivable

Bad debt provision has 23,009,930.60 Yuan accrual in Current period; bad debt provision of 1,809,494.78 Yuan is switch-back; no trade receivables written-off in previous year was recovered this period.

(4) Account receivable actually written-off in Current period: Nil

(5) Pledge of the account receivable at period-end can be found in 54. Assets with ownership or the right to use restricted in VI.

(6) In Current period, top five receivables collected by arrears party amounting to 1,447,563,435.13 yuan in total, accounted for 54.78% of the receivables at balance of Current period-end, the bad debt provision accrual correspondingly amounting to 5,382,910.61 yuan at period-end balance.

(7) Account receivable terminated recognition due to the transfer of financial assets: nil

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

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5. Accounts paid in advance

(1) Age of account paid in advance

Item	Ending balance		Opening Balance	
	Amount	Ratio	Amount	Ratio
Within one year	49,412,683.49	98.56%	23,665,135.72	93.65%
1-2 years	401,775.32	0.80%	945,375.38	3.74%
2-3 years	22,551.00	0.05%	331,164.45	1.31%
Over 3 years	297,966.79	0.59%	328,730.82	1.30%
Total	50,134,976.60	100.00%	25,270,406.37	100.00%

(2) Top 5 of account paid in advance in balance at period-end amounting to 37,245,651.40 yuan, accounted for 74.29% of the account.

6. Other account receivable

Item	Ending balance	Opening Balance
Interest receivable	21,556,791.10	9,510,208.63
Dividend receivable		661,434.48
Other account receivable	81,766,861.76	87,070,251.69
Total	103,323,652.86	97,241,894.80

6.1 Interest receivable

(1) Category of interest receivable

Item	Ending balance	Opening Balance
Interest receivable from time deposit	19,159,985.54	9,510,208.63
Income receivable from financial products	2,396,805.56	
Total	21,556,791.10	9,510,208.63

(2) Major overdue interest: nil

6.2 Dividend receivable

(1) Category of dividend receivable

Item	Ending balance	Opening Balance
Huishang Bank Corporation Limited		661,434.48

(2) Major dividends receivable with account age over 1 year: Nil

6.3 Other account receivable

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(1) Category of other account receivable

Nature	Ending balance	Opening Balance
Export rebate	10,556,031.93	21,650,454.61
Cash deposit	47,288,215.13	49,470,316.18
Loans of employee's pretty cash	26,470,536.53	16,863,753.28
Related party not in consolidation statement	1,305,071.74	1,163,963.53
Advance money temporary	90,000.00	332,896.32
Other	392,725.13	2,645,856.29
Total	86,102,580.46	92,127,240.21

(2) Other account receivable bad debt reserves

Bad debt reserves	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
Balance as at 1 Jan. 2020		5,004,988.52	52,000.00	5,056,988.52
Book balance of Other account receivable in Current Period as at 1 Jan. 2020				
--Transfer to the second stage				
-- Transfer to the third stage				
-- Reversal to the second stage				
-- Reversal to the first stage				
Provision in Current Period		-749,269.82	50,000.00	-699,269.82
Reversal in Current Period			22,000.00	22,000.00
Conversion in Current Period				
Write off in Current Period				
Other change				
Balance as at 30 Jun. 2020		4,255,718.70	80,000.00	4,335,718.70

(3) By account age

Account age	Ending balance
Within 3 months (3 months included)	38,155,535.05
Over 3 months and within 6 months (6 months included)	9,683,233.74
Over 6 months and within one year (One year included)	14,100,213.69

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Account age	Ending balance
over one year-within two years (2 years included)	17,831,652.89
Over 2 years - within 3 years (3 years included)	2,576,887.65
Over 3 years	3,755,057.44
Total	86,102,580.46

(4) No actual verification of other receivables in Current period

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

Name	Nature	Balance at period-end	Account age	Proportion in total other receivables at period-end	Balance at period-end of bad debt provision
Development & Reform Bureau of Qingyuan District, Baoding City	Margin	14,400,000.00	Within 3 months & over 2 years-within 3 years	16.72%	
SAT of Hefei Economic & Technological Development Zone	Tax rebate	10,556,031.93	Within 3 months	12.26%	
Office of the lading group for construction of new socialist countryside in Shunyi District	Margin	8,780,849.40	Over 1 year -within 2 years	10.20%	1,756,169.88
Municipal Public Utilities Administration of Fengfeng Mining Area, Handan City	Margin	2,386,732.00	Over 2 years -within 3 years	2.77%	-
Bureau of agriculture and rural affairs in Wuji County	Margin	2,000,000.00	Over 6 months-with in 1 year	2.32%	
Total		38,123,613.33		44.27%	1,756,169.88

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

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

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

7. Inventories

(1) Classification of inventories

Item	Ending amount		
	Book balance	Impairment provision	Book value
Raw materials	178,511,791.77	11,068,250.22	167,443,541.55
Stock commodities	1,357,842,767.16	79,723,683.43	1,278,119,083.73

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Item	Ending amount		
	Book balance	Impairment provision	Book value
Low value consumable articles	6,058,121.99	114,037.76	5,944,084.23
Goods in transit	329,259,732.84	7,500,321.19	321,759,411.65
Goods-in-process	21,189,937.37		21,189,937.37
Engineering construction	68,568,957.74		68,568,957.74
Deferred expense for mould	22,825,061.63		22,825,061.63
Total	1,984,256,370.50	98,406,292.60	1,885,850,077.90

(Continued)

Item	Opening amount		
	Book balance	Impairment provision	Book value
Raw materials	151,663,007.21	8,222,896.79	143,440,110.42
Stock commodities	1,067,657,584.34	85,915,212.96	981,742,371.38
Low value consumable articles	7,450,761.70	114,037.76	7,336,723.94
Goods in transit	215,898,485.10	4,872,592.90	211,025,892.20
Goods-in-process	10,181,803.47		10,181,803.47
Engineering construction	70,738,030.16		70,738,030.16
Deferred expense for mould	36,445,257.49		36,445,257.49
Total	1,560,034,929.47	99,124,740.41	1,460,910,189.06

(2) Inventory falling price reserves

Item	Opening amount	Increased in Current period		Decreased in Current period		Ending amount
		Provision	Other	Switch-back or conversion	Other	
Raw materials	8,222,896.79	5,106,744.70		2,261,391.27		11,068,250.22
Stock commodities	85,915,212.96	14,895,908.31		21,087,437.84		79,723,683.43
Goods in transit	4,872,592.90	6,729,137.05		4,101,408.76		7,500,321.19
Low value consumable articles	114,037.76	-		-		114,037.76
Total	99,124,740.41	26,731,790.06		27,450,237.87	-	98,406,292.60

(3) Provision for inventories

Item	Specific basis for determining of net realizable value	Reasons for the Switch-back or conversion in Current period
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 period-end fell)	

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Item	Specific basis for determining of net realizable value	Reasons for the Switch-back or conversion in Current period
Goods in transit	Cost is higher than net realizable value (The market price at period-end fell)	
Low value consumable articles	Cost is higher than net realizable value	

8. Other current assets

Item	Ending balance	Opening balance
Financial products	550,000,000.00	
Value-added tax to be deducted	38,178,669.93	43,809,823.14
Advance payment of income tax	21,749,246.67	18,010,305.85
Pakistan local sales tax	3,232,653.60	1,337,337.27
Other unamortized expenses		446,565.70
Total	613,160,570.20	63,604,031.96

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9. Long-term equity investment

Invested enterprise	Opening Balance	Changes in Current period								Ending balance	Balance at period-end of impairment
		Additional investment	Disinvestment	Investment profit and loss confirmed by equity method	Other comprehensive income adjustment	Other changes of equity	Declaration of cash dividends or profits	Provision for impairment	Other		
Associated companies											
1.Changhong Ruba Electric Company(Private)Ltd. <small>note 1</small>				-75,548.73	75,548.73						
2.Hefei Xingmei Assets Management Co., Ltd.	8,554,613.73			-308,937.28						8,245,676.45	
3.Sichuan Zhiyijia Network Technology Co., Ltd. <small>note 2</small>	45,607,507.85			182,915.04	-	-	6,649,787.97	-	-	39,140,634.92	
4.Hongyuan Ground Energy Heat Tech. Co., Ltd. <small>note 3</small>	23,374,940.65			6,130.29						23,381,070.94	
5.Sichuan Tianyou Guigu Technology Co., Ltd. <small>note 4</small>	2,802,223.55			-102,761.71						2,699,461.84	
6.Chengdu Guigu Environmental Tech. Co., Ltd. <small>note 5</small>	8,217,225.92			-1,109,845.07						7,107,380.85	
7. Hefei Meiling Solar Energy Technology Co., Ltd. <small>note 6</small>				1,617,928.00			1,617,928.00			-	
Total	88,556,511.70			209,880.54	75,548.73	-	8,267,715.97			80,574,225.00	

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

Note 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 50 million yuan, among which, the Company made

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contribution of 15 million yuan with shareholding proportion of 30% and Sichuan Changhong Electric Co., LTD made contribution of 35 million yuan with shareholding proportion of 70%. In 2019, the Company increase capital of 29,087,040.00 yuan (of which: 20 million yuan reckoned in registered capital and 9,087,040 yuan reckoned in capital reserves) to Zhiyijia with shareholding ratio up to 50%.

Note 3: subsidiary Sichuan Changhong Air Conditioner Co., Ltd (“Changhong Air Conditioner”) and Hengyouyuan Technology Development Group Co., Ltd. (“Hengyouyuan”) cooperated to establish Hongyuan Ground Energy Heat Technology Co., Ltd. on 28 October 2015. The registered capital of the company is 50 million yuan, among which, Changhong Air Conditioner contributed 24.5 million yuan, accounting for 49% of the registered capital, and Hengyouyuan contributed 25.5 million yuan, accounting for 51% of the registered capital.

Note 4: Sichuan Tianyou Guigu Technology Co., Ltd. was incorporated on 31 March 2015 with registered capital of 100 million yuan. Our subsidiary Changhong Air Conditioner made capital contribution of RMB 25 million in cash, accounting for 25% of the registered capital. Chengdu Jiaodao Property Development Company made capital contribution of 20 million yuan, accounting for 20% of the registered capital. Chengdu Southwest Jiaotong University Industry (Group) Co., Ltd made capital contribution of 20 million yuan, accounting for 20% of the registered capital. Mianyang Investment Holding (Group) Co., Ltd made capital contribution of 5 million yuan, accounting for 5% of the registered capital. Shanghai Zhongcheng Xindaya Financial Information Service Co., Ltd made capital contribution of 5 million yuan, accounting for 5% of the registered capital. Jiangsu Runye Investment Co., Ltd made capital contribution of 10 million yuan, accounting for 10% of the registered capital. Chengdu Dongyu Shangmao Co., Ltd made capital contribution of 15 million yuan, 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 Guigu Environmental Tech. Co., Ltd. was incorporated on 22 May 2013 with registered capital of 40 million yuan. Our subsidiary Changhong Air Conditioner made capital contribution of 10 million yuan, accounting for 25% of the registered capital. Chengdu Jiaodao Property Development Company made capital contribution of 8 million yuan, accounting for 20% of the registered capital. Chengdu Southwest Jiaotong University Industry (Group) Co., Ltd made capital contribution of 8 million yuan, accounting for 20% of the registered capital. Mianyang Investment Holding (Group) Co., Ltd made capital contribution of 2 million yuan, accounting for 5% of the registered capital. Shanghai Zhongcheng Xindaya Financial Information Service Co., Ltd made capital contribution of 2 million yuan, accounting for 5% of the registered capital. Sichuan Shuye Jiachen Property Development Company made capital contribution of 4 million yuan, accounting for 10% of the registered capital. Chengdu Dongyu Shangmao Co., Ltd made capital contribution of 6 million yuan, accounting for 15% of the registered capital.

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

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10. Other non-current financial assets

Item	Ending balance	Opening Balance
Huishang Bank Corporation Limited	5,000,000.00	5,000,000.00
Hongyun Fund	40,000,000.00	40,000,000.00
Total	45,000,000.00	45,000,000.00

11. Investment real estate

(1) Investment real estate measured at costs

Item	House and buildings	Land use right	Total
I. Original book value			
1. Opening Balance	107,085,322.69	3,411,848.00	110,497,170.69
2. Increased in Current period			
3. Decreased in Current period	47,572,819.40	3,411,848.00	50,984,667.40
(1) Return fixed assets/intangible assets	47,572,819.40	3,411,848.00	50,984,667.40
4. Ending balance	59,512,503.29	-	59,512,503.29
II. Accumulated depreciation and accumulated amortization			
1. Opening Balance	13,173,242.66	980,167.90	14,153,410.56
2. Increased in Current period	1,529,473.15	54,092.71	1,583,565.86
(1) Provision or amortization	1,529,473.15	54,092.71	1,583,565.86
3. Decreased in Current period	10,017,655.56	1,034,260.61	11,051,916.17
(1) Return fixed assets/intangible assets	10,017,655.56	1,034,260.61	11,051,916.17
4. Ending balance	4,685,060.25	-	4,685,060.25
III. Provision for impairment			
IV. Book value			
1. Ending book value	54,827,443.04	-	54,827,443.04
2. Opening book value	93,912,080.03	2,431,680.10	96,343,760.13

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

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

(4) Investment real estate without property certification held

Item	The book value	Reasons for failing to complete property rights certificate
J04 molding workshop	30,081,729.28	Related property rights in procedure
J03 Jijia workshop	18,112,365.56	Related property rights in procedure
J20 air compressor station workshop	1,276,136.28	Related property rights in procedure

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Item	The book value	Reasons for failing to complete property rights certificate
J18 opening and closing office	590,790.85	Related property rights in procedure
J04b Circulating pool	350,202.40	Related property rights in procedure
J04a Circulating pool	350,201.98	Related property rights in procedure
Total	50,761,426.35	

12. Fixed assets

Item	Ending balance	Opening balance
Fixed assets	2,193,531,845.34	2,104,697,429.76
Disposal of fixed assets	75,875,517.11	75,875,517.11
Total	2,269,407,362.45	2,180,572,946.87

12.1 Fixed assets

(1) Fixed assets

Item	House and buildings	Machinery equipment	Transport equipment	Other equipment	Total
I. Original book value					
1. Opening Balance	1,523,939,695.75	1,503,518,277.04	33,309,514.17	179,439,886.87	3,240,207,373.83
2. Increased in Current period	55,915,318.73	144,275,066.91	144,345.62	11,511,241.90	211,845,973.16
(1) Purchase	1,188,711.38	4,814,533.66	35,778.76	2,081,516.39	8,120,540.19
(2) Construction in progress transfer-in	7,153,787.95	139,460,533.25	108,566.86	9,377,442.73	156,100,330.79
(3) Inventory transfer-in	-	-	-	52,282.78	52,282.78
(4) Return of investment real estate	47,572,819.40	-	-	-	47,572,819.40
3. Decreased in Current period	136,440.41	22,292,131.46	129,374.68	928,124.35	23,486,070.90
(1) Disposal or retirement	-	10,658,002.21	-	701,247.54	11,359,249.75
(2) Construction in progress transfer-in	-	11,634,129.25	-	-	11,634,129.25
(3) Decreased for change of foreign rate	-	-	129,374.68	226,876.81	356,251.49
(4) Other decrease	136,440.41	-	-	-	136,440.41
4. Ending Balance	1,579,718,574.07	1,625,501,212.49	33,324,485.11	190,023,004.42	3,428,567,276.09
II Accumulated depreciation					
1. Opening Balance	287,729,327.02	760,142,789.56	17,507,896.39	68,398,095.48	1,133,778,108.45
2. Increased in Current period	35,000,288.61	68,312,758.94	1,481,160.07	8,234,443.29	113,028,650.91
(1) Provision	24,982,633.05	68,312,758.94	1,481,160.07	8,234,443.29	103,010,995.35

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Item	House and buildings	Machinery equipment	Transport equipment	Other equipment	Total
(2) Return of investment real estate	10,017,655.56	-	-	-	10,017,655.56
3. Decreased in Current period	-	12,623,548.46	68,300.98	674,588.95	13,366,438.39
(1) Dispose or retirement	-	9,912,423.32	-	589,419.55	10,501,842.87
(2) Construction in progress transfer-in	-	2,711,125.14	-	-	2,711,125.14
(3) Decreased for change of foreign rate	-	-	68,300.98	85,169.40	153,470.38
4. Ending Balance	322,729,615.63	815,832,000.04	18,920,755.48	75,957,949.82	1,233,440,320.97
III. Provision for impairment					
1. Opening Balance	-	1,584,226.14	-	147,609.48	1,731,835.62
2. Increased in Current period					
3. Decreased in Current period	-	130,239.68	-	6,486.16	136,725.84
(1) Dispose or retirement	-	130,239.68	-	6,486.16	136,725.84
(2) Construction in progress transfer-in					
4. Ending Balance	-	1,453,986.46	-	141,123.32	1,595,109.78
IV. Book value					
1. Ending book value	1,256,988,958.44	808,215,225.99	14,403,729.63	113,923,931.28	2,193,531,845.34
2. Opening book value	1,236,210,368.73	741,791,261.34	15,801,617.78	110,894,181.91	2,104,697,429.76

The new fixed assets in this period mainly due to the 156,100,330.79 yuan transfer from construction in process; decrease of the fixed assets in Current period mainly including renewal of the assets transfer to construction in progress and assets dispose for retirement.

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

(3) Fixed assets for collateral at period-end

Item	Original book value	Accumulated depreciation	Impairment loss	Net book value
House and buildings	424,584,170.38	104,265,875.16	-	320,318,295.22

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

Item	Original book value	Accumulated depreciation	Impairment loss	Net book value
Machinery equipment	2,976,714.26	937,900.21	-	2,038,814.05

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

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Item	Original book value	Accumulated depreciation	Impairment loss	Net book value
House and buildings	48,724,425.78	7,493,389.27	-	41,231,036.52
Machinery equipment	4,497,205.26	2,862,727.06	-	1,634,478.20
Other equipment	3,006,383.36	791,602.93	-	2,214,780.43
Total	56,228,014.40	11,147,719.26	-	45,080,295.15

(6) Fixed assets without property certificate

Item	The book value	Reason of not complete the property certificate
Testing Center Building	40,613,387.28	Related property rights in procedure
Canteen in the second phase of the living area	21,851,483.17	Related property rights in procedure
No. 4 Transition Room (Transfer of Dormitory Building)	4,808,169.32	Related property rights in procedure
Freezer auxiliary station	3,140,998.53	Related property rights in procedure
Living area hot water room	2,445,250.20	Related property rights in procedure
Circulating water pump room\equipment room	842,180.21	Related property rights in procedure
Freezer waste station	249,867.44	Related property rights in procedure
Freezer No. 7 Factory Inspection Room	194,265.19	Related property rights in procedure
Refrigerator packaging, sorting, storage and transportation center	51,200,397.56	Related property rights in procedure
Supporting plant	12,577,799.43	Related property rights in procedure
J07 Electric Control Plant	35,430,492.62	Related property rights in procedure
J02 plant	31,812,770.60	Related property rights in procedure
J01 plant	29,486,315.84	Related property rights in procedure
J05 two device workshop	23,543,469.05	Related property rights in procedure
J06 central air-conditioning plant	17,918,436.54	Related property rights in procedure
J50 finished product warehouse	16,916,180.43	Related property rights in procedure
J51 finished product warehouse	16,372,208.71	Related property rights in procedure
J53 finished product warehouse	12,582,320.06	Related property rights in procedure
J54 finished product warehouse	11,701,520.32	Related property rights in procedure
J55 finished product warehouse	10,718,654.43	Related property rights in procedure
J56 finished product warehouse	10,718,654.43	Related property rights in procedure

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Item	The book value	Reason of not complete the property certificate
J52 finished product warehouse	9,106,360.85	Related property rights in procedure
J9 Raw Material Warehouse	6,384,445.10	Related property rights in procedure
J10 Raw Material Warehouse	4,727,552.22	Related property rights in procedure
J11 Raw Material Warehouse	4,613,648.49	Related property rights in procedure
J08 packaging material warehouse	4,394,648.32	Related property rights in procedure
J15 refrigerant forklift room	1,347,752.30	Related property rights in procedure
J17 Chemical Library	1,323,588.56	Related property rights in procedure
J16 Chemical Library	1,210,298.37	Related property rights in procedure
J19 main guard room	332,691.77	Related property rights in procedure
J19A Guard Room	210,121.63	Related property rights in procedure
J19C Guard Room	210,121.12	Related property rights in procedure
J19B Guard Room	210,120.87	Related property rights in procedure
J19D Guard Room	153,634.05	Related property rights in procedure
J19E Guard Room	153,634.05	Related property rights in procedure
Total	389,503,439.06	

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

12.2 Disposal of fixed assets

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

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

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

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

13. Construction in progress

Item	Ending balance	Opening balance
Construction in progress	191,470,652.98	252,494,792.31

(1) Details of construction in progress

Item	Ending amount			Opening amount		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Construction of washing machine plant	89,921,034.08		89,921,034.08	72,019,665.48		72,019,665.48
Other petty projects	36,491,875.74		36,491,875.74	19,993,376.23		19,993,376.23
Capacity enlargement and technology improvement project for Air-conditioner Company	28,919,755.30		28,919,755.30	6,848,640.93		6,848,640.93
Technical transformation project of Zhongshan Changhong	10,489,874.88		10,489,874.88	2,670,888.52		2,670,888.52
Changhong Air Conditioner-relocation of production base and upgrading & expansion	9,377,462.68		9,377,462.68	115,113,691.81		115,113,691.81
Project of the application of MES system during manufacturing	7,264,187.95		7,264,187.95	7,259,356.79		7,259,356.79
Construction of laboratory (inspection center)	4,965,046.69		4,965,046.69	2,283,246.03		2,283,246.03
Low-voltage power distribution room project	1,753,448.40		1,753,448.40	876,724.20		876,724.20
Production efficiency improvement project of the Line C for the overseas Refrigerator Manufacture Company	1,327,155.18		1,327,155.18	1,327,155.18		1,327,155.18
Upgrade project for the	666,500.00		666,500.00	666,500.00		666,500.00

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Item	Ending amount			Opening amount		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
production line of Mianyang Meiling Intelligent Refrigerator						
Jiangxi Meiling – construction of the production line for producing one million energy-saving smart refrigeration annually	294,312.08		294,312.08	434,062.08		434,062.08
Construction of intelligent manufacturing	-		-	4,441,461.82		4,441,461.82
Equipment to be installed			-	16,790,792.47		16,790,792.47
Line modification for R290			-	1,769,230.77		1,769,230.77
Total	191,470,652.98	-	191,470,652.98	252,494,792.31	-	252,494,792.31

(2) Changes in significant construction in progress

Item	Book balance at period-begin	Increase during the period	Transfer to fixed assets in the period	Other decrease	Book balance at period-end	Source of funds
Construction of washing machine plant	72,019,665.48	21,955,552.42	4,054,183.82		89,921,034.08	Self-raised/Raise
Changhong Air Conditioner- relocation of production base and upgrading & expansion	115,113,691.81	13,510,910.22	119,247,139.35		9,377,462.68	Self-raised
Construction of laboratory (inspection center)	2,283,246.03	2,864,959.36	183,158.70		4,965,046.69	Raise
Construction of intelligent manufacturing	4,441,461.82	1,580,690.73	6,022,152.55		-	Raise

(Continued)

Projects	Budget (in 10 thousand Yuan)	Proportion of project investment in budget	Progress	Accumulated amount of interest capitalization	including: interest capitalized amount of the period	Interest capitalization rate of the period
Construction of washing machine plant	37,121.00	83.45%	85%			
Changhong Air Conditioner- relocation of production base and upgrading & expansion	84,791.01	86.44%	96%	2,570,143.02		
Construction of laboratory (inspection center)	10,748.00	81.98%	95%			
Construction of intelligent manufacturing	26,128.00	97.03%	100%			

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

14. Intangible assets

(1) According to intangible assets item:

Item	Land use right	Trademark special right	Non-patent technology	Patent right	Other	Total
I. Original book value						
1. Opening balance	866,310,249.56	283,292,439.34	417,638,699.74	7,592,305.59	7,106,572.74	1,581,940,266.97
2. Current increased	3,414,048.01	-	60,145,668.45	21,448,794.43	66,037.74	85,074,548.63
(1) Purchase	2,200.01	-	-	-	-	2,200.01
(2) Internal research	-	-	60,145,668.45	21,448,794.43	66,037.74	81,660,500.62
(3) Return of investment real estate	3,411,848.00	-	-	-	-	3,411,848.00
4. Ending balance	869,724,297.57	283,292,439.34	477,784,368.19	29,041,100.02	7,172,610.48	1,667,014,815.60
II. Accumulated amortization						
1. Opening balance	160,546,271.68	282,607,964.69	194,299,345.34	282,904.72	2,140,264.95	639,876,751.38
2. Current increased	10,255,884.33	684,474.65	54,251,681.10	1,785,046.33	121,959.24	67,099,045.65
(1) Accrual	9,221,623.72	684,474.65	54,251,681.10	1,785,046.33	121,959.24	66,064,785.04
(2) Return of investment real estate	1,034,260.61	-	-	-	-	1,034,260.61
4. Ending balance	170,802,156.01	283,292,439.34	248,551,026.44	2,067,951.05	2,262,224.19	706,975,797.03
III. Impairment loss			4,306,556.42		4,508,495.33	8,815,051.75

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Item	Land use right	Trademark special right	Non-patent technology	Patent right	Other	Total
IV. Book value						
1.Ending book value	698,922,141.56	-	224,926,785.33	26,973,148.97	401,890.96	951,223,966.82
2.Opening book value	705,763,977.88	684,474.65	219,032,797.98	7,309,400.87	457,812.46	933,248,463.84

The intangible assets resulted from internal research takes 4.90% of the balance of intangible assets at period-end

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

(3) Up to end of current period, 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	17,989,983.82	
Land use right	Wan (2019)Property right of Hefei No.: 1148244/1148249/1148243/1148240/1148248/1148246/1148241/1148238/1149101/1148242/1148245/1148239/1148237/1148250/1148247/1149102	477,550.03	243,236,699.81	
Land use right	Wan (2019) Property right of Feixi County No.: 0061435/0061445	33,383.10	13,701,469.91	
Land use right	Wan (2019) Property right of Feixi County No.: 0061456/0061447/0061438/0061440/0061452/0061450/0061430/0061657	82,850.51	18,858,305.69	
Total		620,903.86	293,786,459.23	

15. Development expense

Item	Opening balance	Current increased		Current decreased			Ending balance
		Internal development expenditure	Other	Included in current profits and losses	Confirmed as intangible assets	Other	
Technology development for Air-conditioner	39,987,914.98	41,817,700.09		92,339.11	51,315,358.31		30,397,917.65
Technology development for refrigerator	61,090,744.59	28,985,941.21			30,345,142.31		59,731,543.49
Total	101,078,659.57	70,803,641.30	-	92,339.11	81,660,500.62	-	90,129,461.14

16. Goodwill

(1) Original value of goodwill

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Invested enterprise	Opening balance	Current increased		Current decreased		Ending balance
		Formation from enterprise merger	Other	Formation from enterprise merger	Other	
Hefei Meiling Group Holdings Limited	3,553,367.77					3,553,367.77
Total	3,553,367.77					3,553,367.77

(2) Impairment loss of goodwill

Invested enterprise	Opening balance	Current increased		Current decreased		Ending balance
		Accrual	Other	Accrual	Other	
Hefei Meiling Group Holdings Limited	3,553,367.77					3,553,367.77
Total	3,553,367.77					3,553,367.77

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

17. Deferred income tax assets

(1) Deferred income tax assets without the offset

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deferred income tax assets recognized from assets impairment	85,113,683.09	12,767,052.45	65,074,900.25	9,761,235.04
Deferred income tax assets recognized from accrual liability	137,169,182.74	20,575,377.41	158,742,319.21	23,811,347.88
Deferred income tax assets recognized from Dismission welfare	14,952,250.56	2,242,837.58	16,996,022.45	2,549,403.37
Deferred income tax assets recognized from deferred income	101,680,318.95	15,252,047.85	109,766,307.31	16,464,946.10
Deferred income tax assets recognized from ir-reparable losses	369,713,431.79	55,457,014.77	295,681,201.10	44,352,180.17
Deferred income tax assets recognized from changes in the fair value	2,829,301.90	424,395.29		
Accrued income tax assets	4,516,172.03	677,425.80	3,427,103.89	514,065.58
Total	715,974,341.06	107,396,151.15	649,687,854.21	97,453,178.14

The Company's long-term equity investment impairment provisions are the investments in its subsidiaries, Changmei

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Technology Co., Ltd. and Meiling Candy Washing Machine Co., Ltd., these two subsidiaries are expected to be cancelled in 2020, and the Company also confirmed deferred income tax assets while confirming the impairment provisions. The subsidiaries have unrecovered losses, at the consolidation level, the deferred income tax assets recognized in the Company's long-term equity investment impairment provisions are adjusted to be the deferred income tax assets generated from the recoverable losses.

(2) Deferred income tax liabilities without the offset

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liability	Taxable temporary differences	Deferred income tax liability
Recognized by fixed assets depreciation	32,254,417.40	4,838,162.61	36,760,223.60	5,514,033.54
Recognized by changes in fair value			4,951,504.00	742,725.60
Total	32,254,417.40	4,838,162.61	41,711,727.60	6,256,759.14

(3) Details of unrecognized deferred income tax assets

Item	Ending balance	Opening balance
Deductible temporary difference	126,832,329.93	148,160,001.57
Deductible loss	863,189,499.12	721,832,411.79
Total	990,021,829.05	869,992,413.36

18. Short-term loans

(1) Category

Category	Ending balance	Opening balance
Loan in pledge	306,192,500.00	147,438,160.00
Guaranteed loan	75,470,009.60	46,794,941.14
Loan in credit	1,128,629,500.00	909,757,944.82
Total	1,510,292,009.60	1,103,991,045.96

Short-term loans at Current period-end:

- 1) The Company entered into a Forfaiting Business Contract with Jiujiang Bank Co., Ltd., and term of borrowing from 16 April 2019 to 16 April 2021. Fixed interest rate of 2.825%, the loan amount is 5,000,000.00 Yuan.
- 2) The Company entered into a Contract for Loans in RMB with Huaining Road Branch of Hefei Science & Technology Rural Commercial Bank, contract agreed to has 12 months in terms, and term of borrowing from 19 August 2019 to 19 August 2020. Fixed interest rate of 4.5675%, the loan amount is 5,000,000.00 Yuan.
- 3) The Company entered into a Contract for Loans of Working Capital with Anhui Branch of Bank of Communication, contract agreed to has 12 months in terms, and interest counted from the date of loan entry,

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duration of credit is from 24 Sept. 2019 to 24 Sept. 2020; Fixed interest rate of 4.00 %, the loan amount is 100,000,000.00 Yuan.

4) The Company entered into a Contract for Loans of Working Capital with Anhui Development Zone Branch of Bank of China, contract agreed to has 12 months in terms, and counted from the actual withdrawal date. The Company withdrawal on 26 September 2019. Term of borrowing from 26 September 2019 to 25 September 2020. every 12 months is a floating period based on floating rate method, the loan amount is 50,000,000.00 Yuan.

5) The Company entered into a Contract for Opening the Domestic L/C with Bank of Jiujiang, the forfaiting cost is 3.3%, opening charge is 0.15% and comprehensive cost is 3.45%. Term of borrowing from 23 October 2019 to 22 October 2020. Fixed interest rate of 3.3%, the loan amount is 50,000,000.00 Yuan.

6) The Company entered into a Contract for Loans of Working Capital with Anhui Branch of Bank of Communication, contract agreed to has 12 months at most in terms, and counted from the actual lending day. The Company withdrawal on 26 November 2019. Term of borrowing from 26 November 2019 to 25 September 2020. Fixed interest rate of 4.00%, the loan amount is 100,000,000.00 Yuan.

7) The Company entered into a Forfaiting Business Contract with Anhui Branch of Bank of Communication, applying a short-term loans of 100,000,000.00 yuan with bill pledge method. Term of borrowing from 27 December 2019 to 24 December 2020. Fixed interest rate of 3.25%.

8) The Company entered into a Contract for Loans of Working Capital with Anhui Development Zone Branch of Bank of China, contract agreed to has 12 months in terms, and counted from the actual withdrawal date. The Company withdrawal on 6 Jan. 2020. Term of borrowing from 6 Jan. 2020 to 6 Jan. 2021. every 12 months is a floating period based on floating rate method, the loan amount is 30,000,000.00 Yuan.

9) The Company entered into a Forfaiting Business Contract with Anhui Branch of Bank of Communication, applying a short-term loans of 100,000,000.00 yuan with bill pledge method. Term of borrowing from 6 March 2020 to 1 March 2021. Fixed interest rate of 3.00%.

10) The company and China Construction Bank Co., Ltd. Hefei Luyang Branch signed the Cross-border Financing Loan Business Contract, contract agreed to has 12 months in terms, Term of borrowing from March 10, 2020 to March 10, 2021. Fixed interest rate of 3.08%. the loan amount is 30,000,000.00 Yuan.

11) The company signed the Cross-border Direct Loan Financing Contract" with China Guangfa Bank Co., Ltd. Macau Branch, contract agreed to has 12 months in terms, Term of borrowing from March 19, 2020 to March 19, 2021. Fixed interest rate of 2.95%. the loan amount is 50,000,000.00 Yuan.

12) The company and the Agricultural Bank of China Co., Ltd. Hefei Baohe District Branch signed the Agricultural Bank of China Co., Ltd. International Trade Financing Contract, Term of borrowing from March 20, 2020 to August 28, 2020. Fixed interest rate of 3.45%. the loan amount is 92,000,000.00 Yuan.

13) The company signed the Rongyida Business Contract" with Bank of China Co., Ltd. Hefei Branch, Term of borrowing from March 26, 2020 to September 22, 2020. Fixed interest rate of 3.13%. the loan amount is 33,000,000.00 Yuan.

14) The company and United Overseas Bank (China) Co., Ltd. Chengdu Branch signed the Simplified Export

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Invoice Financing (and Domestic Sales Financing) Application, Term of borrowing from April 13, 2020 to October 10, 2020. Fixed interest rate of 4.00%. the loan amount is 50,000,000.00 Yuan.

15) The company signed the Loan Contract with China Merchants Bank Co., Ltd. The loan period is from April 21, 2020 to April 9, 2021, the loan interest rate is 0.65%, and the loan amount is EUR 9,500,000.00.

16) The company and China Postal Savings Bank Co., Ltd. Hefei Branch signed the Working Capital Loan Contract. The contract has an agreed period of 12 months. The loan period is from April 23, 2020 to April 22, 2021. The borrowing rate is 3.915 %, the loan amount is 28,000,000.00 Yuan.

17) The company and China Everbright Bank Co., Ltd. Hefei Branch signed the Contract on the Non-Recourse Transfer of Seller's Bonds under Domestic Letter of Credit (Domestic Forfaiting Business), and the loan period is from June 12, 2020 to June 4 2021, the loan interest rate was 2.50%, and the loan amount was 50,000,000.00 Yuan.

18) Subsidiary Zhongshan Changhong and China Construction Bank Co., Ltd. Zhongshan Branch signed the Export Account Receivable Risk Participation Cooperation Agreement. Subsidiary Zhongshan Changhong applied Account receivable to Zhongshan Branch of China Construction Bank Apply for a short-term loan of US\$10,000,000.00, the loan period is from January 16, 2020 to July 13, 2020, and the borrowing rate is 2.60%.

19) Subsidiary Zhongshan Changhong and Bank of Communications Co., Ltd. Zhongshan Branch signed the Comprehensive Credit Contract. Subsidiary Zhongshan Changhong applied for a short-term loan of US\$ 5,000,000.00 from Bank of Communications Co., Ltd. Zhongshan Branch by way of export invoice financing. The loan period was 6 months. , The loan period is from March 6, 2020 to September 2, 2020, and the borrowing rate is 2.60%.

20) Subsidiary Changhong Ruba Trading Company (Private) Limited signed a loan agreement with Bank of China Karachi Branch, through CHANGHONG MEILING guarantee, applied for a short-term loan of 439,290,000.00 rupees in December 2019, the loan period is from December 23, 2019 to December 23, 2020, the borrowing rate was 14.04%

21) Subsidiary Changhong Ruba Trading Company (Private) Limited and ICBC Lahore branch applied for a short-term loan of 380,000,000.00 rupees. The loan period is from January 20, 2020 to November 20, 2020, and the principal is repaid in installments until the reporting period. The principal has been paid back 195,000,000.00 rupees, and the remaining unpaid principal is 185,000,000.00 rupees. The borrowing rate is based on the lending rate issued by the Central Bank of Pakistan plus 0.9%, and the borrowing rate is 14.44%.

22) According to the RMB Short-term Loans Contract entered into by subsidiary Sichuan Changhong Air-conditioner Co., Ltd. and Mianyang Branch of Bank of China, Sichuan Changhong Air-conditioner Co., Ltd. applying for a short-term loan of RMB 80,000,000.00 by credit. The loan period is from February 7, 2020 to February 7, 2021. The loan interest rate is 4.35%. On May 21, 2020, the loan interest rate is reduced to 4.29%. On June 3, 2020, the early repayment is 50,000,000.00 Yuan, until 2020. The balance of the loan on June 30, 2010 is 30,000,000.00 Yuan.

23) The "Working Capital Loan Contract" signed by the subsidiary Zhongke Meiling and Bank of China Co.,

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Ltd. Hefei Branch stipulates that the subsidiary Zhongke Meiling shall apply for a short-term loan of RMB 9,200,000.00 from Bank of China Co., Ltd. Hefei Branch by way of guarantee, the guarantor is Changhong Meiling Co., Ltd.; the loan period is from September 24, 2019 to September 24, 2020, adopting the floating interest rate method, with a floating period of every 12 months.

24) The "Working Capital Loan Contract" signed by the subsidiary Zhongke Meiling and Bank of Communications Co., Ltd. Anhui Branch stipulates that the subsidiary Zhongke Meiling shall apply for a short-term loan of RMB 20,000,000.00 from Bank of Communications Co., Ltd. Anhui Branch by way of credit guarantee; the loan period is from February 28, 2020 to February 28, 2021, adopting the fixed interest rate method, and the borrowing rate is 1.65 percentage points lower than the one-year LPR interest rate quoted on the loan market on the entry day.

25) The "Working Capital Loan Contract" signed by the subsidiary Zhongke Meiling and Industrial Bank Co., Ltd. Hefei Branch stipulates that subsidiary Zhongke Meiling shall apply for a short-term loan of RMB 9,900,000.00 from Industrial Bank Co., Ltd. Hefei Branch by way of guarantee, the guarantor is Changhong Meiling Co., Ltd.; the loan period is from March 17, 2020 to March 16, 2021, and the fixed interest rate method is adopted. The borrowing rate is the benchmark interest rate (1-year LPR) on the borrowing date minus 1%.

26) The "Working Capital Loan Contract" signed by the subsidiary Zhongke Meiling and Industrial and Commercial Bank of China Co., Ltd. Hefei Changjiang East Road Branch stipulates that subsidiary Zhongke Meiling shall apply for a short-term loan of RMB 5,000,000.00 from ICBC Hefei Changjiang East Road Branch by way of guarantee, the guarantor is Changhong Meiling Co., Ltd.; the loan period is from March 18, 2020 to March 15, 2021, and the borrowing interest rate is 12 months for one period, which shall be adjusted for each period. The interest rate is determined by the pricing basis plus the number of floating points, where the pricing basis is the 1-year LRP of the previous working day before the effective date of the loan contract, and the number of floating points is minus 100 basis points (one basis point is 0.01%).

27) The "Working Capital Loan Contract" signed by the subsidiary Zhongke Meiling and the Feixi Branch of China Construction Bank Co., Ltd. stipulates that the subsidiary Zhongke Meiling shall apply for a short-term loan of RMB 30,000,000.00 from the Feixi Branch of China Construction Bank Co., Ltd. by way of guarantee, of which RMB 15,000,000.00 is guaranteed by Changhong Meiling Co., Ltd., and RMB 15,000,000.00 is guaranteed by the credit of the subsidiary Zhongke Meiling; the loan period is from March 13, 2020 to March 12, 2021, using a fixed interest rate method, with the interest rate being 1-year LPR minus 200 basis points.

28) The subsidiary Non-Ferrous Metals signed the "Current Loan Contract" with Industrial and Commercial Bank of China Co., Ltd. Hefei Changjiang East Road Sub-branch. The contract has an agreed period of 12 months, starting from the actual loan issuance date, and the company's actual withdrawal is on March 27, 2020, the loan period is from 27 March 2020 to 5 March 2021 with fixed interest rate of 4.05%, loans amounted to 10,000,000.00 Yuan.

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

19. Tradable financial liability

Item	Ending balance	Opening balance
Tradable financial liability	6,027,595.47	1,081,534.93
Including: Derivative financial liability	6,027,595.47	1,081,534.93

20. Note payable

Category	Ending balance	Opening balance
Bank acceptance	3,003,662,903.31	3,298,019,669.51
Trade acceptance	155,586,100.00	192,251,812.89
Total	3,159,249,003.31	3,490,271,482.40

Note: No notes expired at period-end without paid

21. Account payable

(1) Account age

Item	Ending balance	Opening balance
Total	3,244,631,623.09	2,343,116,374.58
Including: over one year	88,000,714.47	76,194,618.91

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

22. Contract liabilities

Item	Ending balance	Opening balance
Advance payment for goods	268,622,617.93	425,149,194.97
Total	268,622,617.93	425,149,194.97

23. Wages payable

(1) Category

Item	Opening balance	Current increased	Current decreased	Ending balance
Short-term compensation	177,402,906.03	631,531,240.97	641,672,431.59	167,261,715.41
After-service welfare- defined contribution plans	7,453,793.72	46,642,779.54	40,911,175.61	13,185,397.65
Dismiss welfare	11,650,474.93	1,952,027.68	10,054,550.05	3,547,952.56
Total	196,507,174.68	680,126,048.19	692,638,157.25	183,995,065.62

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(2) Short-term compensation

Item	Opening balance	Current increased	Current decreased	Ending balance
Wages, bonuses, allowances and subsidies	170,288,735.22	554,031,789.40	580,568,531.22	143,751,993.40
Welfare for workers and staff	639,308.36	17,986,118.79	18,282,576.65	342,850.50
Social insurance	1,770,245.68	25,856,692.50	22,154,475.34	5,472,462.84
Including: Medical insurance	1,617,788.73	23,966,530.25	20,477,729.12	5,106,589.86
Work injury insurance	63,191.51	824,037.10	630,365.32	256,863.29
Maternity insurance	89,265.44	1,066,125.15	1,046,380.90	109,009.69
Housing accumulation fund	3,586,116.49	32,724,865.84	19,358,492.59	16,952,489.74
Labor union expenditure and personnel education expense	1,118,500.28	931,774.44	1,308,355.79	741,918.93
Total	177,402,906.03	631,531,240.97	641,672,431.59	167,261,715.41

(3) Defined contribution plans

Item	Opening balance	Current increased	Current decreased	Ending balance
Basic endowment insurance	5,213,876.36	44,567,454.27	38,969,962.83	10,811,367.80
Unemployment insurance	2,239,917.36	2,075,325.27	1,941,212.78	2,374,029.85
Total	7,453,793.72	46,642,779.54	40,911,175.61	13,185,397.65

24. Tax payable

Item	Ending balance	Opening balance
Value-added tax	31,535,409.67	31,073,647.86
Enterprise income tax	8,004,887.52	2,100,004.27
Individual income tax	1,850,199.12	3,080,366.29
Urban maintenance and construction tax	1,362,792.32	3,279,877.94
Real estate tax	6,199,771.92	6,023,111.75
Land use tax	2,729,230.57	2,757,210.52
Educational surtax	1,043,618.58	2,389,535.13
Stamp tax	2,074,945.31	3,033,620.58
Construction fund of Water Conservancy Projects	634,948.45	759,372.01
Treatment fund for abandon electrics & electronics	15,651,773.00	12,489,459.00
Other	2,035,762.22	1,572,186.31
Total	73,123,338.68	68,558,391.66

25. Other account payable

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Item	Ending balance	Opening balance
Interest payable	7,905,522.29	12,340,385.61
Dividend payable	4,466,628.25	3,579,491.94
Other account payable	833,403,504.91	673,557,725.66
Total	845,775,655.45	689,477,603.21

25.1 Interest payable

(1) Category

Item	Ending balance	Opening balance
Interest on long-term borrowings for repayment of principal of installment maturity	663,803.89	466,340.02
Interest of short-term loans	7,241,718.40	11,874,045.59
Total	7,905,522.29	12,340,385.61

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

25.2 Dividends payable

Item	Ending balance	Opening balance
China Life Insurance (Group) Company	263,813.22	239,221.62
People's Insurance Group of China Co., Ltd.	395,719.83	358,832.43
BOC- Fullgoal Tianyi Securities Investment Fund	153,697.50	153,697.50
Hefei Branch of BOC	329,766.50	299,027.00
Hefei collective industry association	329,765.99	299,026.54
Entrust Investment Wuhu of Provincial ABC	263,813.22	239,221.62
Other units	2,730,051.99	1,990,465.23
Total	4,466,628.25	3,579,491.94

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

25.3 Other account payable

(1) Other account payable by nature

Nature	Ending balance	Opening balance
1. Accrued expenses (expenses occurred without reimbursed)	563,477,651.39	487,992,668.34
2. Receivables received temporary and deducted temporary	14,935,393.23	14,950,208.02
3. Deposit, margin	145,704,728.00	114,946,522.03
4. Not the come-and-go with related parties in statement scope	40,584,681.61	14,101,588.30

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Nature	Ending balance	Opening balance
5. Other	68,701,050.68	41,566,738.97
Total	833,403,504.91	673,557,725.66

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

26. Non-current liability due within one year

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

Item	Ending balance	Opening balance
Long term borrowings due within one year	305,000,000.00	
Long term account payable due within one year	1,677,346.75	1,708,193.90
Total	306,677,346.75	1,708,193.90

27. Long term borrowings

(1) Category of long term borrowings

Category	Ending amount	Opening amount
Loan in mortgage	192,640,000.00	101,280,000.00
Loan in credit	100,000,000.00	300,000,000.00
Total	292,640,000.00	401,280,000.00

(2) Long-term borrowings at period-end

Loan from	Borrowing day	Returning day	Foreign currency	Interest rate	Ending amount (RMB)	Opening amount (RMB)
Ministry of Finance of Hefei Note 1	2006/11/9	2021/11/8	RMB	1.80%	640,000.00	1,280,000.00
EIBC (Export-Import Bank of China) Anhui Province Branch Note 2	2019/12/23	2026/12/23	RMB	4.605%	94,000,000.00	100,000,000.00
EIBC (Export-Import Bank of China) Anhui Province Branch Note 3	2020/3/26	2026/12/25	RMB	4.555%	98,000,000.00	
Anhui Branch of Bank of Communications Co., Ltd Note 4	2020/6/15	2021/7/15	RMB	3.75%	100,000,000.00	
EIBC (Export-Import Bank of China) Anhui Province Branch	2019/5/30	2021/5/30	RMB	3.685%		300,000,000.00

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Total					292,640,000.00	401,280,000.00
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Note 1: In August of 2006, the Company signed Asset Mortgage Agreement with Ministry of Finance of Hefei. It takes five industry crusher chambers which cover an area of 2,322.98 square meters as mortgage for the Company to get the lending of treasury bond fund which has 15-year term and worthy of RMB 7,040,000 from the Ministry of Finance of Hefei. The capital on-lending began to bear interest from the appropriate date (November 9, 2006), which would be paid by stages in the loan period to Ministry of Finance of Hefei by the Company. The first four years were grace period, during which the annual interest rate was subject to floating interest rate (the annual interest rate was the annual interest rate of one year fixed deposit plus 0.3%). On 1 March 2013, according to the Letter Relating to Ceasing Process of Other Securities in respect of the Properties in Feidong Longgang Industrial Park of Hefei Meiling Co., Ltd. (HCJ (2006) No.85) issued by the finance office of Hefei, Meiling commenced the national purchase of its land parcels in Longgang in compliance with the land planning of Hefei municipal government, which required its properties in Longgang land parcel to be unrestricted. The real estate for mortgage lifted in 2006 of the Company with registration No. HGYJCZ No.0121 which was used as the security for treasury bonds lending capital (details were set out in Note).

Note 2: The Company and the Anhui Branch of the Export-Import Bank signed the "Loan Contract (Promoting Domestic Opening-up Loans-Fixed Assets)", which pledged the Company's fixed assets and intangible assets as long-term loans of 100 million yuan. The contract agreed period is 84 months, and the loan term is from December 23, 2019 to December 23, 2026. The loan interest rate is determined by the quoted interest rate of loan market with a term of more than 5 years minus 0.195%, which fluctuates annually. The loan amount is 100,000,000.00 yuan, according to the repayment schedule agreed with the bank, 1,000,000.00 yuan has been repaid, and the planned repayment of 5,000,000.00 yuan before June 30, 2021 has been reclassified to non-current liabilities due within one year. The ending balance is 94,000,000.00 yuan.

Note 3: the company signed the loan contract (promoting domestic opening up loans - fixed assets) with Anhui Branch of export import bank, which mortgaged the fixed assets and intangible assets of the company for 98,000,000.00 yuan of long-term loan. The loan term is from March 26, 2020 to December 25, 2026. The loan interest rate is determined by reducing 0.195% of the market quotation interest rate of loans with a term of more than 5 years. The loan amount is 98,000,000.00 Yuan.

Note 4: the company signed the working capital loan contract with Anhui Branch of Bank of Communications Co., Ltd., the contract period is 13 months, with the interest from the date of loan entry, the loan period is from June 15, 2020 to July 15, 2021, the loan interest rate is 3.75%, and the loan amount is 100,000,000.00 yuan.

28. Long-term account payable

Item	Balance at year-end	Opening balance
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Item	Balance at year-end	Opening balance
Long-term account payable	761,266.30	1,486,921.44
Special payable	1,530,000.00	1,530,000.00
Total	2,291,266.30	3,016,921.44

28.1 Classify by nature

Nature	Ending balance	Opening balance
Financing lease	761,266.30	1,486,921.44

28.2 Special payable

Item	Opening balance	Current increased	Current decreased	Ending balance	Reason
Zhongshan Special funds for Technical renovation	1,530,000.00			1,530,000.00	Technology plan project in Zhongshan City

29. Long-term wage payable

Item	Ending balance	Opening balance
Dismissal welfare	11,962,977.24	13,774,110.61

According to the internal early retirement policy, the long-term payable dismissal welfare bears by the Company up to end of the period amounting to 11,962,977.24 yuan.

30. Accrual liability

Item	Ending balance	Opening balance	Reason
Product quality guarantee	15,427,220.80	15,427,220.80	Guarantee of product
Guarantee fund for quality service	129,098,786.70	150,671,923.17	Guarantee of product
Total	144,526,007.50	166,099,143.97	

Product quality guarantee is the maintenance expense provided by the Company under the national policy, while quality service special guarantee capital is the warranty costs provided for product quality in addition to such policy. Parts of the commitments on product quality assurance beyond the national three guarantees policy are expired in period, the accrual liability that have not been anticipated has written-off in Current period, actually 21,198,636.00 Yuan written-off.

31. Deferred income

(1) Classification of deferred income

Item	Ending amount	Opening amount
Government subsidies---subsidies of development project	134,147,854.46	135,392,959.96
Government subsidies---subsidies of Relocation	42,453,885.49	44,578,011.96
Total	176,601,739.95	179,970,971.92

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(2) Government subsidy

Government subsidy	Opening amount	New subsidy in the period	Amount reckoned into other income	Other changes	Ending amount	Assets related/Income related
Demolition compensation of Changhong Meiling	40,613,394.80		1,234,182.17		39,379,212.63	Assets related
Technical transformation of the Athena project	4,877,812.50		2,143,125.00		2,734,687.50	Assets related
Freezer project of Changhong Meiling	734,062.42		367,031.26		367,031.16	Assets related
Promoting the new industry (annual output of 0.6 million medium& large volume environmental protection and energy saving freezer)	1,065,443.73		152,206.26		913,237.47	Assets related
Research and application of the MCU chip for inverter control	2,300,000.00				2,300,000.00	Assets related
Subsidies for intelligent transformation & upgrading of enterprises from the new industrialization policy in economic development zone	3,886,414.58		302,837.50		3,583,577.08	Assets related
Subsidy for industrial development policy from Hefei for first half of 2018	8,750,000.00		625,000.00		8,125,000.00	Assets related
Policy funds for manufacturing a strong province, subsidy for equipment for the technological transformation of industrial strong base	4,375,000.00		312,500.00		4,062,500.00	Assets related
Subsidy for purchase of R & D instruments and equipment	1,062,687.50	280,900.00	73,500.00		1,270,087.50	Assets related
Hefei City Industrial Development Policy Subsidy Funds in the Second Half of 2019		7,154,200.00	1,341,412.50		5,812,787.50	Assets related
New plant construction government subsidy-low temperature refrigeration equipment industrialization project	3,791,666.67		250,000.00		3,541,666.67	Assets related
Subsidy for equipment purchasing of the technical renovation from Hefei for year of 2017	1,358,630.00		89,580.00		1,269,050.00	Assets related

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Government subsidy	Opening amount	New subsidy in the period	Amount reckoned into other income	Other changes	Ending amount	Assets related/Income related
Equipment subsidy for the industrial base technical renovation from Economic and Information Commission	1,782,083.33		117,500.00		1,664,583.33	Assets related
Subsidy for characteristic innovation and entrepreneurship carrier project from Hefei economic & development zone	2,000,000.00				2,000,000.00	Assets related
Upgrade project for the production line of Mianyang Meiling Intelligent Refrigerator	1,514,166.68		98,749.98		1,415,416.70	Assets related
Demolition compensation of Jiangxi Meiling	3,964,617.16		889,944.30		3,074,672.86	Assets related
Subsidy for the development on production line technical reform for green-friendly high-quality metal pipe	129,493.23		20,446.32		109,046.91	Assets related
Refrigerator evaporator workshop	186,295.31		14,516.50		171,778.81	Assets related
Technical transformation of refrigerator evaporator workshop	454,687.50		30,312.50		424,375.00	Assets related
Special fund, government subsidy CZ059001	4,200,000.00				4,200,000.00	Assets related
Centre for external cooperation of the environmental protection	2,538,300.00				2,538,300.00	Assets related
Government subsidy CZ028001 technical improvement topic	478,116.29		47,825.00		430,291.29	Assets related
Government subsidy CZ028001- subsidy in equipment renewal	286,596.77		30,601.92		255,994.85	Assets related
Subsidy from Zhongshan Finance Bureau (CZ028001 provincial special project 2019)	1,703,353.19		152,823.24		1,550,529.95	Assets related
Research and application of the VISA (variable frequency volume integrated intelligent air-conditioner)	5,872,093.04		704,651.16		5,167,441.88	Assets related
Promotion of the energy-saving room air conditioner	1,069,072.21		105,154.62		963,917.59	Assets related

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Government subsidy	Opening amount	New subsidy in the period	Amount reckoned into other income	Other changes	Ending amount	Assets related/Income related
Adaptability improvement on new coolants production	11,824,908.42		1,182,490.86		10,642,417.56	Assets related
Industrialization of intelligent white household appliances software platform and typical application research and development	3,030,303.05		363,636.36		2,666,666.69	Assets related
Special funds for strategic emerging industry and high-end growth industry	2,000,000.00				2,000,000.00	Assets related
Key chip and module for transducer used and detection capacity building	6,840,000.00				6,840,000.00	Assets related
Changhong Air Conditioner- relocation of production base and upgrading & expansion	6,880,000.00				6,880,000.00	Assets related
Demonstration factory construction for the intelligent manufacturing of intelligent air-conditioner	49,500,000.00				49,500,000.00	Assets related
2018 Zhongshan Special fund for industrial development - Special topic of technical transformation	730,232.55		132,861.90		597,370.65	Assets related
Special fund for technical improvement	171,540.99		21,442.62		150,098.37	Assets related
Total	179,970,971.92	7,435,100.00	10,804,331.97	-	176,601,739.95	

32. Share capital

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

33. Capital reserve

Item	Opening amount	Current increased	Current decreased	Ending amount
Share premium	2,636,193,356.40		559,888.62	2,635,633,467.78
Other capital reserve	48,173,262.70			48,173,262.70
Total	2,684,366,619.10		559,888.62	2,683,806,730.48

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Note: Changes in equity premium for this period are: Due to the acquisition of some minority shareholders' shares of Shanghai Meiling, Chengdu Meiling, and Ridian Technology, the difference between the newly acquired long-term equity investment and the share of the subsidiary's net assets calculated on the basis of the newly-added shareholding ratio was caused by the continuous calculation of the net assets from the date of purchase.

34. Other comprehensive income

Item	Opening balance	Current amount					Ending balance
		Account before income tax in the period	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less: Income tax expenses	Belong to parent company after tax	Belong to minority shareholders after tax	
Other comprehensive income that will re-classified to gains/losses later							
Including: Translation differences arising on translation of foreign currency financial statements	-18,931,430.36	-1,009,706.23			-630,002.84	-379,708.39	-19,561,433.20

35. Surplus reserves

Item	Opening amount	Current increased	Current decreased	Ending amount
Statutory surplus reserve	295,179,158.04			295,179,158.04
Discretionary surplus reserve	115,607,702.16			115,607,702.16
Total	410,786,860.20			410,786,860.20

36. Retained profit

Item	Current period	Last period
Amount at the end of last year	884,127,743.42	904,232,582.87

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Item	Current period	Last period
Add: Adjustment from undistributed profit at period-begin		-2,734,328.91
Including: retroactive adjustment by Accounting Standards for Business Enterprise		
Change of accounting policy		-2,734,328.91
Correction of former material error		
Change of combination scope under common control		
Current opening balance	884,127,743.42	901,498,253.96
Add: net profit attributable to shareholders of parent company for this period	-210,130,580.93	56,441,479.14
Less: withdraw of statutory surplus reserve		11,136,116.82
Withdraw of discretionary surplus reserve		
Withdraw of general risk provision		
Dividend payable for ordinary shares	52,229,894.05	62,675,872.86
Dividend of ordinary shares transferred to share capital		
Current ending balance	621,767,268.44	884,127,743.42

37. Operation income and operation cost

(1) Operation income and operation cost

Item	Current period	Last period
Main business income	6,268,491,126.30	8,543,968,799.83
Other business income	527,369,610.69	589,193,881.11
Total	6,795,860,736.99	9,133,162,680.94
Main business cost	5,248,478,697.42	6,942,346,945.06
Other business cost	505,371,191.93	548,208,592.19
Total	5,753,849,889.35	7,490,555,537.25

(2) Main business classified according to product

Category	Current period		Last period	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator, freezer	2,920,923,251.77	2,377,765,236.89	3,819,493,665.57	2,965,821,052.02
Air-conditioner	2,595,885,454.11	2,247,295,670.56	3,990,707,709.01	3,364,231,232.05
Washing machine	179,892,246.84	148,034,172.04	205,216,507.29	161,545,734.09
Small	512,769,500.40	426,489,024.05	456,750,621.11	387,949,800.00

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Category	Current period		Last period	
	Operation income	Operation cost	Operation income	Operation cost
household appliances and kitchen and bathroom				
Other	59,020,673.18	48,894,593.88	71,800,296.85	62,799,126.90
Total	6,268,491,126.30	5,248,478,697.42	8,543,968,799.83	6,942,346,945.06

(3) Main business classified according to sales region

Region	Current period		Last period	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	3,936,852,798.41	3,251,061,917.12	6,416,709,241.89	5,079,123,427.39
Overseas	2,331,638,327.89	1,997,416,780.30	2,127,259,557.94	1,863,223,517.67
Total	6,268,491,126.30	5,248,478,697.42	8,543,968,799.83	6,942,346,945.06

Top five clients have income in sales of RMB 3,003,456,419.67 in total, a 44.20% in total operation income.

38. Business tax and extra charges

Item	Current period	Last period
Treatment fund for abandon electrics & electronics	23,183,817.00	31,474,957.00
Real estate tax	8,958,027.86	7,655,849.19
City construction tax	5,891,358.89	17,260,016.63
Stamp duty	5,581,068.92	4,952,161.86
Extra charge for education and local education surcharge	4,600,301.45	12,444,121.82
Land use tax	3,429,180.26	3,523,971.33
Water fund	3,328,943.43	3,408,253.81
Other	332,015.42	-79,571.90
Total	55,304,713.23	80,639,759.74

39. Sales expense

Item	Current period	Last period
Salary and extra charge	255,283,621.81	313,475,070.08
Transport expenses	211,841,082.72	286,457,370.36
Market support fee	135,417,268.91	194,977,090.49
Air conditioner installation fee	114,700,395.35	181,806,817.80
National three guarantees expense	90,184,296.10	102,855,535.34
Storage rental fee	47,400,139.04	63,667,118.95

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Item	Current period	Last period
Travel expenses	12,373,271.22	24,070,080.12
Depreciation expenses	3,944,399.06	3,629,916.41
Operation activities expenses	2,617,936.49	12,174,172.67
Vehicle consumption	2,050,607.05	2,398,835.38
Communication expenses	788,152.95	3,134,174.08
House-lease expenses	781,344.62	9,326,474.23
Advertising fee	352,891.37	14,704,579.10
Other	46,248,021.54	31,714,521.86
Total	923,983,428.23	1,244,391,756.87

40. Administration expense

Item	Current period	Last period
Salary and social insurance etc.	79,407,413.87	88,854,543.67
Intangible assets amortization	10,046,746.48	12,746,300.56
Depreciation	9,232,289.11	9,675,666.50
Water and electricity fee	1,773,141.17	8,528,459.15
Property insurance fee	1,425,753.98	2,142,321.97
Domestic travelling fee	1,315,916.59	3,968,094.14
Business activities fee	1,195,638.78	2,604,837.36
Office fee	803,009.47	1,499,270.12
Inspection and authentication fee	412,574.00	1,732,091.97
Other	29,857,209.47	32,641,457.26
Total	135,469,692.92	164,393,042.70

41. R&D expenses

Item	Current period	Last period
Amortized intangible assets	53,871,905.01	40,270,721.67
Salary and social insurance etc.	50,278,576.62	45,300,688.74
Trial fee of R&D	31,728,340.10	17,704,764.73
Depreciation	7,707,855.52	4,107,066.78
water and electricity	5,126,916.81	-
Inspection and authentication fee	4,446,068.74	3,314,163.26
Cost of mould	2,727,245.15	3,381,991.85
Software royalty	2,690,872.94	1,868,153.84
Domestic travel expenses	588,805.86	1,069,553.39
Other	8,722,562.14	3,030,936.60

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Item	Current period	Last period
Total	167,889,148.89	120,048,040.86

42. Financial expenses

Item	Current period	Last period
Interest expenditure	45,498,046.65	57,892,999.31
Less: Interest income	74,784,016.69	59,401,426.37
Add: Exchange loss	9,367,991.95	10,608,433.65
Commission charges	10,335,558.03	13,172,852.69
Discount expenditure	-3,285,693.99	-4,610,181.50
Total	-12,868,114.05	17,662,677.78

43. Other income

Item	Current period	Last period
Corporate policy funds	28,310,000.00	
Subsidy for employment stable	4,457,036.59	
R290 air conditioning production IOC subsidy	2,403,000.00	
Special funds for technical transformation of the Athena project	2,143,125.00	2,143,125.00
Immediate refund of VAT for software products	2,071,200.78	2,649,557.46
Special funds for export credit insurance	1,475,997.00	
Hefei City Industrial Development Policy Subsidy Funds in the Second Half of 2019	1,341,412.50	
Demolition compensation of CHANGHONG MEILING	1,234,182.17	1,097,927.30
Adaptability improvement on new coolants production	1,182,490.86	1,182,490.86
Demolition compensation of Jiangxi Meiling	889,944.30	898,940.16
Research and application of the VISA (variable frequency volume integrated intelligent air-conditioner)	704,651.16	704,651.16
Technology Innovation and Enterprise Development Fund	640,240.37	671,307.09
2025 Industrial Development Fund	630,000.00	
Subsidy for industrial development policy from Hefei for first half of 2018	625,000.00	625,000.00
Feidong County's policy awards for promoting high-quality economic development	500,000.00	
Special subsidy funds for epidemic prevention and control	500,000.00	
Freezer project of Changhong Meiling	367,031.26	367,031.26
Industrialization of intelligent white household appliances software platform and typical application research and development	363,636.36	363,636.36
Policy funds for manufacturing a strong province, subsidy for equipment for the technological transformation of industrial strong base	312,500.00	
Subsidies for intelligent transformation & upgrading of enterprises	302,837.50	302,837.50

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Item	Current period	Last period
from the new industrialization policy in economic development zone		
Government subsidy for new plant construction - industrialization of cryogenic refrigeration equipment	250,000.00	250,000.00
Subsidy from Zhongshan Finance Bureau (CZ028001 provincial special project 2019)	152,823.24	
Promoting the new industry (annual output of 0.6 million medium& large volume environmental protection and energy saving freezer)	152,206.26	152,206.26
Special fund for technical improvement	132,861.90	132,861.90
Equipment subsidy for the industrial base technical renovation from Economic and Information Commission	117,500.00	117,500.00
Energy-saving smart air conditioner industrialization Item	105,154.62	105,154.62
Upgrade and transformation of smart refrigerator production line Item	98,749.98	
Subsidy for equipment purchasing for Hefei Tech. Improvement project in 2017	89,580.00	89,580.00
Subsidy for purchase of R & D instruments and equipment	73,500.00	39,812.50
Government subsidy CZ028001 technical improvement topic	47,825.00	48,363.50
Technical transformation of refrigerator evaporator workshop	44,829.00	14,516.52
Government subsidy CZ028001- subsidy in equipment renewal	30,601.92	30,601.92
Special fund for technical improvement	21,442.62	21,442.62
Subsidy for the development on production line technical reform for green-friendly high-quality metal pipe	20,446.32	20,446.30
Other sporadic items	3,060,318.49	4,173,842.17
Supplementary fund for characteristic dual creative carriers of borrowing and transferring		4,000,000.00
Economic and Trade Development Bureau corporate policy subsidy funds		3,000,000.00
Special funds for provincial-level innovation-driven development		2,950,000.00
Enterprise home appliance logistics subsidy		1,753,000.00
Special funds for steady growth of foreign trade in Zhongshan for 2017		1,532,797.00
Research and Industrial Application of Key Energy-saving Comfortable Control Technology of Inverter Air Conditioner		1,440,000.00
Special subsidy for Nanjing Port		1,234,485.00
Special funds for foreign economic & trade development and port construction for 2018		1,057,163.36
Subsidy for E-business sales		1,000,000.00
Subsidy for home appliance standards customization project from China Household Appliances Research Institute		574,000.00
Technical Transformation of Industrial Enterprises in Jingdezhen High-tech Zone Item		500,000.00
Innovation development project for the E-Business		38,037.66
Government subsidy for the project of ministry of finance of science and education entrepreneurship park in Mianyang Technology Town		28,893.12
Total	54,852,125.20	35,311,208.60

44. Investment income

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Item	Current period	Last period
Long-term equity investment income by equity method	209,880.54	-8,822,000.32
Investment income obtained from disposal of tradable financial assets	5,402,087.72	-11,141,590.61
Income from financial products	1,539,918.00	31,627,554.38
Total	7,151,886.26	11,663,963.45

45. Changes in fair value gains

Item	Current period	Last period
Tradable financial assets	-4,785,270.15	-6,550,413.41
Including: Income of fair value changes from derivative financial instruments	-4,785,270.15	-6,550,413.41
Tradable financial liability	-4,939,481.97	9,915,203.65
Including: Income of fair value changes from derivative financial instruments	-4,939,481.97	9,915,203.65
Total	-9,724,752.12	3,364,790.24

46. Credit impairment loss

Item	Current period	Last period
Note receivable bad debt loss	-451,763.04	17,262,634.10
Account receivable bad debt loss	-22,539,727.97	-7,933,111.89
Other account receivable bad debt loss	721,269.82	215,973.74
Total	-22,270,221.19	9,545,495.95

47. Assets impairment loss

Item	Current period	Last period
Loss on inventory valuation	-26,583,248.58	-10,615,932.01
Total	-26,583,248.58	-10,615,932.01

48. Income from assets disposal

Item	Current period	Last period	Amount reckoned into non-recurring gains/losses in the period
Income from non-current assets disposal	-178,704.98	-937,771.74	-178,704.98
Including: income classify to assets ready for sale			

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Item	Current period	Last period	Amount reckoned into non-recurring gains/losses in the period
income not classify as to assets ready for sale			
Including: Income from fixed assets disposal	-178,704.98	-937,771.74	-178,704.98
Income from intangible assets disposal			
Total	-178,704.98	-937,771.74	-178,704.98

49. Non-operation income

(1) Non-operation income

Item	Current period	Last period	Amount reckoned into non-recurring gains/losses in the period
Government subsidy		110,000.00	
Income of penalty	366,979.53	379,815.74	366,979.53
Other	3,078,629.68	1,986,381.28	3,078,629.68
Total	3,445,609.21	2,476,197.02	3,445,609.21

(2) Government subsidy

Item	Current period	Last period	Resource and basis	Assets/income related
Nantou Town, Zhongshan City 2018 Outstanding Industrial Development Enterprise Award		20,000.00		Income related
Municipal industrial development project award for 2018		90,000.00	Chuan CJ (2019) No.: 20	Income related
Total		110,000.00		

50. Non-operating expenditure

Item	Current period	Last period	Amount reckoned into non-recurring gains/losses in the period
Penalties and late fees	77.03	11,517.95	77.03
Relocation expenses		2,131,394.09	
Other	959,477.10	219,614.33	959,477.10

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Item	Current period	Last period	Amount reckoned into non-recurring gains/losses in the period
Total	959,554.13	2,362,526.37	959,554.13

51. Income tax expenses

Item	Current period	Last period
Current income tax expenses	8,498,558.12	11,572,518.08
Deferred income tax expenses	-11,361,569.54	6,128,742.26
Total	-2,863,011.42	17,701,260.34

52. Other comprehensive income

Found more in 34. Other comprehensive income in VI

53. Items of cash flow statement

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

1) Cash received from other activities relating to operation

Item	Current period	Last period
Government subsidy	49,374,979.95	36,458,594.62
Cash deposit, deposit	11,794,014.82	3,265,073.83
Collection of restriction fund	4,801,740.89	26,400,639.34
Rental income	2,537,602.16	4,026,499.54
Compensations	1,589,695.33	1,368,694.98
Other	4,104,674.84	5,727,441.00
Total	74,202,707.99	77,246,943.31

2) Cash paid for other activities relating to operation

Item	Current period	Last period
Market support fee	103,452,106.47	128,402,307.99
Rental fees	56,501,840.38	94,079,187.33
Reserve funds, margin	33,991,028.48	49,884,342.29
Service support fee	27,112,533.75	590,374.72
Convert to restricted funds	23,523,106.48	35,263,814.30
Travel expenses	15,537,025.21	30,084,107.15
Handling fee	9,596,183.72	11,238,128.64
Inspection and certification fee	8,194,323.28	8,876,393.23
Business activity fee	7,486,994.76	15,643,474.01

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Item	Current period	Last period
advertising fee	4,535,316.89	22,969,354.76
Shuttle transportation fee	4,280,786.69	4,142,833.60
Office expenses	3,977,096.29	4,614,465.23
Vehicle cost	2,647,658.04	3,044,978.86
Conference organization fee	417,753.18	8,454,207.14
Fines and late fees	77.03	12,959,457.95
other fee	104,511,778.87	90,803,856.78
Total	405,765,609.52	521,051,283.98

3) Cash received from other activities relating to investment

Item	Current period	Last period
Interest income from bank deposits	62,758,263.18	52,972,498.64
Forward foreign exchange delivery income	5,402,087.72	
Other	230,611.63	1,934,235.51
Total	68,390,962.53	54,906,734.15

4) Cash paid for other activities relating to investment

Item	Current period	Last period
Losses of forward exchange settlement		11,141,590.61
Total		11,141,590.61

5) Cash paid for other activities relating to financing

Item	Current period	Last period
Handling charge of dividend	36,893.14	44,620.40
Loan deposit		24,750,000.00
Financing lease	893,318.70	647,028.80
Total	930,211.84	25,441,649.20

(2) Supplementary of the consolidated cash flow statement

Item	Current period	Last period
1. Net profit is adjusted to cash flow of operation activities:		
Net profit	-219,171,870.49	46,216,030.54
Add: Ending balance of assets impairment	48,853,469.77	1,070,436.06
Depreciation of fixed assets, consumption of oil gas assets and depreciation of productive biological assets	104,594,561.21	89,438,431.78
Amortization of intangible assets	66,064,785.04	54,522,230.54
Amortization of long-term retained expense		
Loss from disposal of fixed assets, intangible assets and other	178,704.98	937,771.74

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Item	Current period	Last period
long term assets (gain is listed with “-”)		
Loss from discarding fixed assets as useless (gain is listed with “-”)		
Loss from change of fair value(gain is listed with “-”)	9,724,752.12	-3,364,790.24
Financial expense (gain is listed with “-”)	-19,917,978.09	-2,486,261.85
Investment loss (gain is listed with “-”)	-7,151,886.26	-11,663,963.45
Decrease of deferred income tax assets (increase is listed with “-”)	-9,942,973.01	6,666,548.00
Increase of deferred income tax liabilities (decrease is listed with “-”)	-1,418,596.53	-251,195.56
Decrease of inventories (increase is listed with “-”)	-424,221,441.03	79,201,887.77
Decrease of operational accounts receivable (increase is listed with “-”)	-478,954,328.10	-365,235,586.93
Increase of operational accounts payable (decrease is listed with “-”)	543,257,841.98	478,432,461.79
Other		
Net cash flow arising from operation activities	-388,104,958.41	373,484,000.19
2. Major investment and financing activities that do not involve cash receipts:		
Conversion of debt into capital		
Convertible bonds due within one year		
Financing lease of fixed assets		
3. Net change in cash and cash equivalents:		
Ending balance of cash	4,792,468,168.07	4,265,961,763.00
Less: Opening balance of cash	5,385,807,475.51	4,484,643,187.93
Add: Ending balance of cash equivalents		
Less: Balance of cash equivalents at period-begin		
Net increase in cash and cash equivalents	-593,339,307.44	-218,681,424.93

(3) No net cash paid for subsidiary obtained in the period

(4) No net cash received from subsidiary disposal in the period

(5) Cash and cash equivalent

Item	Ending balance	Opening balance
Cash	4,792,468,168.07	5,385,807,475.51
Including: cash in stock	128,714.24	44,818.07

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Item	Ending balance	Opening balance
Bank deposits available for payment at any time	4,552,864,202.70	4,771,094,609.77
Other monetary fund available for payment at any time	239,475,251.13	614,668,047.67
Cash equivalents		
Including: bond investment due within 3 months		
Balance of cash and cash equivalents at period-end	4,792,468,168.07	5,385,807,475.51
Including: using the restricted cash and cash equivalents of the parent company or subsidiary of the group		

54. Assets with ownership or the right to use restricted

Item	Ending book value	Reasons
Monetary fund	114,265,125.97	Margin
Note receivable ^{note 1}	331,387,334.54	Pledged
Account receivable ^{note 2}	136,802,022.65	Pledged
Fixed assets ^{note 3}	320,318,295.22	Pledged
Intangible assets ^{note 3}	293,786,459.23	Pledged
Total	1,196,559,237.61	

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

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

Note 3: The mortgage of fixed assets and intangible assets is the mortgage of houses and buildings and land use rights. For details, see Note VI. 28. Long-term loans.

55. Foreign currency

(1) Foreign currency

Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
Monetary fund			
Including: USD	27,712,637.84	7.0795	196,191,619.60
Euro	2,496,834.25	7.9610	19,877,297.44
AUD	1,707,640.61	4.8657	8,308,866.91
Pakistan Rup	49,438,968.09	0.04224	2,088,302.01
IDR	5,875,467,340.00	0.000497	2,920,107.27
HKD	3,297.10	0.9134	3,011.57
Account receivable			
Including: USD	91,014,446.30	7.0795	644,336,772.58
Euro	1,902,952.39	7.9610	15,149,403.98

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Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
AUD	9,604,143.04	4.8657	46,730,878.79
Pakistan Rup	1,792,503,789.55	0.04224	75,715,360.07
IDR	31,735,370,142.00	0.000497	15,772,478.96
Other account receivable			
Including: USD	6,734.77	7.0795	47,678.80
Pakistan Rup	19,543,654.00	0.04224	825,523.94
IDR	1,018,687,980.00	0.000497	506,287.93
Account payable			
Including: USD	466,757.91	7.0795	3,304,412.62
Euro	92,339.42	7.9610	735,114.12
Pakistan Rup	656,271,820.94	0.04224	27,720,921.72
IDR	15,293,339,741.00	0.000497	7,600,789.85
Other account payable			
Including: USD	21,827.00	7.0795	154,524.25
Pakistan Rup	269,784,676.00	0.04224	11,395,704.71
IDR	8,989,490,554.00	0.000497	4,467,776.81
Short-term loans			
Including: USD	15,000,000.00	7.0795	106,192,500.00
Euro	9,500,000.00	7.9610	75,629,500.00
Pakistan Rup	624,290,000.00	0.04224	26,370,009.60

(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 Rup. CHANGHONG MEILING ELECTRIC INDONESIA, PT, mainly operates in Jakarta; Recording currency is IDR.

57. Government subsidy

(1) Government subsidy

Category	Amount	Item	Amount reckoned into current gain/loss
Corporate policy funds	28,310,000.00	Other income	28,310,000.00
Hefei City Industrial Development Policy Subsidy Funds in the Second Half of 2019	7,154,200.00	Deferred income	1,341,412.50
Subsidy for employment stable	4,457,036.59	Other income	4,457,036.59
R290 air conditioning production IOC subsidy	2,403,000.00	Other income	2,403,000.00
Immediate refund of VAT for software products	2,071,200.78	Other income	2,071,200.78

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Category	Amount	Item	Amount reckoned into current gain/loss
Special funds for export credit insurance	1,475,997.00	Other income	1,475,997.00
Technology Innovation and Enterprise Development Fund	640,240.37	Other income	640,240.37
2025 Industrial Development Fund	630,000.00	Other income	630,000.00
Feidong County's policy awards for promoting high-quality economic development	500,000.00	Other income	500,000.00
Special subsidy funds for epidemic prevention and control	500,000.00	Other income	500,000.00
Purchase of R&D equipment subsidies	280,900.00	Deferred income	73,500.00
Other sporadic projects	2,984,964.79	Other income	2,984,964.79
Total	51,407,539.53		45,387,352.03

(2) Refund of government subsidy: nil

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VII. Changes of consolidation range

1. Enterprise combined under the different control: Nil

2. Enterprise combined under the same control: Nil

3. Reversed takeover: Nil

4. Disposal of subsidiary: Nil

5. Subsidiary liquidated

Subsidiary	Price of the equity disposed	Ratio of the equity disposed	Way of the equity disposed	Time point of control right lose	Determination basis for the time point of control right lose	Difference between the disposal price and proportion of the subsidiary's net assets enjoy in aspect of the consolidated financial statement, which is respond to the disposal investment	Other comprehensive income transferred into investment income, which related with the equity investment of original subsidiary
Guangxi Huidian Household Appliances Co., Ltd.		100.00%	Liquidation cancellation	2020.03	Liquidation completed		

6. Subsidiary newly established: Nil

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VIII. Equity in other entity

1. Equity in subsidiary

(1) Composition of the enterprise group

Subsidiary	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
				Directly	Indirectly	
Zhongke Meiling Cryogenic Technology Co., Ltd.1)	Hefei	Hefei	Manufacturing and sabs	63.2683		Investment
Sichuan Hongmei Intelligent Technology Co., Ltd.2)	Mianyang	Mianyang	Software development		100	Investment
Mianyang Meiling Refrigeration Co., Ltd.3)	Mianyang	Mianyang	Manufacturing and sabs	95	5	Investment
Jiangxi Meiling Electric Appliance Co., Ltd. 4)	Jingdezhen	Jingdezhen	Manufacturing and sabs	98.75	1.25	Investment
Hefei Meiling Wulian Technology Co., Ltd. 5)	Hefei	Hefei	Software development	100		Investment
Hefei Meiling Electric Marketing Co., Ltd.6)	Hefei	Hefei	Sabs	99.82	0.18	Investment
Jinan Xiangyou Electric Marketing Co., Ltd.7)	Jinan	Jinan	Sabs		93.4	Investment
Wuhan Meizirong Electric Marketing Co., Ltd.8)	Wuhan	Wuhan	Sabs		91	Investment
Zhengzhou Meiling Electric Marketing Co., Ltd.9)	Zhengzhou	Zhengzhou	Sabs		100	Investment
Chengdu Meiling Electric Marketing Co., Ltd.10)	Chengdu	Chengdu	Sabs		100	Investment
Fuzhou Meiling Electric Marketing Co., Ltd.11)	Fuzhou	Fuzhou	Sabs		100	Investment
Nanjing Meiling Electric Marketing Co., Ltd.12)	Nanjing	Nanjing	Sabs		100	Investment
Taiyuan Meiling Electric Marketing Co., Ltd.13)	Taiyuan	Taiyuan	Sabs		100	Investment
Hangzhou Meiling Electric Marketing Co., Ltd.14)	Hangzhou	Hangzhou	Sabs		100	Investment
Shanghai Meiling Electric Marketing Co., Ltd.15)	Shanghai	Shanghai	Sabs		100	Investment
Guangzhou Meiling Electric Marketing Co., Ltd.16)	Guangzhou	Guangzhou	Sabs		98	Investment

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Subsidiary	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
				Directly	Indirectly	
Tianjin Meiling Electric Marketing Co., Ltd.17)	Tianjin	Tianjin	Sals		100	Investment
Beijing Meiling Electric Marketing Co., Ltd.18)	Beijing	Beijing	Sals		100	Investment
Hefei Meiling Nonferrous Metal Products Co., Ltd.19)	Hefei	Hefei	Manufacturing and sals		100	Enterprise combined under the different control
Changhong Meiling Ridian Technology Co., Ltd.20)	Zhongshan	Zhongshan	Manufacturing and sals	99.0361		Enterprise combined under the same control
Changmei Technology Co., Ltd. 21)	Mianyang	Mianyang	Sals	96.256		Investment
CHANGHONGMEILINGELECTRICINDONESIA.PT22)	Jakarta	Jakarta	Sals		100	Investment
Changhong Ruba Trading Company (Private) Limited23)	Pakistan	Pakistan	Sals		60	Investment
Sichuan Changhong Air-conditioner Co., Ltd. 24)	Mianyang	Mianyang	Manufacturing and sals	100		Enterprise combined under the same control
Zhongshan Changhong Electric Co., Ltd.25)	Zhongshan	Zhongshan	Manufacturing and sals	90	10	Enterprise combined under the same control
Hefei Meiling Group Holdings Limited26)	Hefei	Hefei	Manufacturing and sals	100		Enterprise combined under the different control
Meiling Equator Household Appliance (Hefei) Co., Ltd.27)	Hefei	Hefei	Manufacturing and sals		100	Enterprise combined under the different control
Hefei Equator Appliance Co., Ltd.28)	Hefei	Hefei	Manufacturing and sals		100	Enterprise combined under the different control
Hongyuan Ground Energy Heat Pump Tech. Co., Ltd.29)	Mianyang	Mianyang	Manufacturing and sals		51	Investment
Hongyuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.30)	Zhongshan	Zhongshan	Manufacturing and sals		51	Investment
Meiling CANDY Washing Machine Co., Ltd. 31)	Hefei	Hefei	Manufacturing and sals	60		Investment
Guangzhou Changhong Trading Co., Ltd.32)	Guangzhou	Guangzhou	Sals		100	Investment
Hebei Hongmao Household Appliance Technology Co., Ltd.33)	Handan	Handan	Manufacturing and sals		100	Investment
Anhui Tuoxing Technology Co., Ltd.34)	Hefei	Hefei	Technology R&D		100	Investment

Note:

1) Zhongke Meiling Cryogenic Technology Co., Ltd. (hereinafter referred to as Zhongke Meiling), the

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predecessor of which was Zhongke Meiling Cryogenic Technology Limited Liability Company, was established on 29 October 2002 by joint contribution from the Company and Technical Institute of Physics and Chemistry, CAS (“TIPC”), with registered capital of RMB60 million upon the establishment, among which, the Company made capital contribution of RMB42 million (including the assets in specie at the consideration of RMB35,573,719.70 as evaluated by Beijing Zhongzheng Appraisal Co., Ltd. with issuance of the Appraisal Report (ZZPBZ(2002)No.029) and cash contribution of RMB6,426,280.30) accounting for 70% of the aforesaid registered capital, and TIPC made capital contribution of RMB18 million with intangible assets of such value (namely the single compressor mixture industrial low temperature refrigeration technology) as evaluated by Jingzhongzi Assets Appraisal Co., Ltd. with issuance of the Appraisal Report (ZZPBZ(2002)No.225) accounting for 30% of the aforesaid registered capital. The paid-in of the above registered capital has been verified by Huazheng Accounting Firm by issuance of the Assets Verification Report (HZYZ (2002) No. B157) dated 16 October 2002.

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

On 10 August 2015, all the founders signed the Founder Agreement of Zhongke Meiling Cryogenic Technology Company 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

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shareholders general meeting of 2017. Zhongke Meiling offering 490,300 shares to specific investors by way of privately placement, which has 1.72 Yuan per share in amount. The capital increase has been verified by the No. [XYZH/2017CDA40324] capital verification report issued by ShineWing CPA (special general partnership). After the completion of shares placement, stock of the Company increased to 68,640,300 shares and 66.87% held by the Company.

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

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

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

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percent equity was transfer to Jiangxi Meiling Electric Appliance.

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

5) Hefei Meiling Wulian Technology Co., Ltd. (hereinafter referred to as Wulian Technology) was established dated 21 January 2019 with registered capital of RMB 10 million, and it is the subsidiary of the Company with fully-owned establishment. As of June 30, 2020, paid in capital is 6 million yuan

6) Hefei Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Meiling Marketing) is the limited company jointly invested by the Company and Mianyang Meiling Company on 21 Oct. 2009. Registered capital and paid-up capital were 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 has been verified by verification report of [Wan Hua Shen Zheng Da Kuai Yan Zi (2010) No. 1514] issued by Anhui Hua Shen Zhengda CPA Co., Ltd.

7) Jinan Xiangyou Electric Marketing Co., Ltd. (hereinafter referred to as Jinan Xiangyou) was established dated 3 June 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 1.08 million, accounted for 36% of the registered capital; after Meiling Marketing acquired 55.4% equity interests from the minority shareholders in 2015, Meiling Marketing totally holds 91.4% equity of the Jinan Xiangyou, In 2019, minority shareholders step out, shares of Jinan Meiling hold by Meiling Marketing changed to 93.4%.

8) Wuhan Meizirong Electric Marketing Co., Ltd. (hereinafter referred to as Wuhan Meizirong) was established dated 10 January 2011 with registered capital of RMB 5 million; Meiling Marketing invested RMB 4.55 million, accounted for 91% of the registered capital.

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9) Zhengzhou Meiling Electric 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.

10) Chengdu Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Chengdu Meiling) was established dated 26 January 2011 with registered capital of RMB 5 million; Meiling Marketing invested RMB 4.17 million, accounted for 83.4% of the registered capital; After Meiling Marketing purchased 9% equity from minority in 2015, purchased 0.8% equity from minority in 2016, and purchased 1.2% equity from minority in 2018, Meiling Marketing totally holds 96% equity of Chengdu Meiling. After Meiling Marketing acquired 4% of minority shareholders in 2020, Meiling Marketing held 100% of Chengdu Meiling's total equity.

11) Fuzhou Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Fuzhou Meiling) was established dated 25 January 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.97 million, accounted for 99% of the registered capital; in 2017, after acquiring 1% equity from the minority, Meiling Marketing holds 100% equity of Fuzhou Meiling in total.

12) Nanjing Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Nanjing Meiling) was established dated 14 Feb. 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.97 million, accounted for 99% of the registered capital; in 2017, after acquiring 1% equity from the minority, Meiling Marketing holds 100% equity of Nanjing Meiling in total.

13) Taiyuan Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Taiyuan Meiling) was established dated 18 January 2011 with registered capital of RMB 4 million; Meiling Marketing invested RMB 1.59 million, accounted for 39.75% of the registered capital; after Meiling Marketing purchased 45.5% equity from minority in 2013, after purchased 14.75% equity from minority in 2016, Meiling Marketing totally holds 100% equity of the Taiyuan Meiling.

14) Hangzhou Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Hangzhou Meiling) was established dated 17 Feb. 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.655 million, accounted for 88.5% of the registered capital; Meiling Marketing signed equity transfer agreement with the minority shareholders in 2015, to acquire as the transfer the 6.5% equity interests of Hangzhou Meiling held by minority shareholders. Upon completion of such equity transfer in February 2015, Meiling Marketing held in aggregate the 95% equity interests of Hangzhou Meiling; in 2017, after acquiring 5% equity from the minority, Meiling Marketing holds 100% equity of Hangzhou Meiling in total.

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15) Shanghai Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Shanghai Meiling) was established dated 9 March 2011 with registered capital of RMB 3 million; Meiling Marketing invested RMB 2.97 million, accounted for 99% of the registered capital. After Meiling Marketing acquired 1% of minority shareholders in 2020, Meiling Marketing will hold 100% of Shanghai Meiling's equity in total.

16) Guangzhou Meiling Electric 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.

17) Tianjin Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Tianjin Meiling) was established dated 2 March 2011 with registered capital of 3 million Yuan; Meiling Marketing invested 2.565 million Yuan, accounted for 85.5% of the registered capital; In 2015, Meiling Marketing and Jiangxi Meiling Appliances entered into equity transfer agreements with minority shareholders respectively, to acquire as the transfers the 14.1% and 0.4% equity interests of Tianjin Meiling held by minority shareholders. Upon completion of equity transfer in December 2015, Meiling Marketing totally held the entire equity interests of Tianjin Meiling.

18) Beijing Meiling Electric Marketing Co., Ltd. (hereinafter referred to as Beijing Meiling) was established dated 28 March 2011 with registered capital of 3 million Yuan; Meiling Marketing invested 2.97 million Yuan, accounted for 99% of the registered capital; in 2017, after acquiring 1% equity from the minority shareholders, Meiling Marketing holds 100% equity of the Beijing Meiling in total.

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

20) Changhong Meiling Ridian Technology Co., Ltd. (hereinafter referred to as Ridian Technology) is a

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

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

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

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

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holds 98.855% stock rights of Ridian Technology.

On April 7, 2020, resolution of the shareholders' meeting of Ridian Technology agrees the Wu Changyuan, to transfer shares of Ridian Technology (representing 0.18% of the registered capital of Ridian Technology) to the Company, the Company holds 99.0361% equity of the Ridian Technology directly after transferred.

21) Changmei Technology Co., Ltd. (hereinafter referred to as Changmei Technology) was invested and set up on May 12, 2016 in order to promote intelligent transformation and implement the company's intelligent life project according to the company's strategic planning and business development needs. In accordance with the Article of Association, registered capital of Changmei Technology was 50 million Yuan, including 48.128 million Yuan contributed by the Company in cash, a 96.256% in the contribution capital, the management team contribute 1.872 million Yuan in cash, a 3.744% in contribution capital.

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

23) 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%.

24) Sichuan Changhong Air Conditioner Co., Ltd.(hereinafter referred to as Changhong Air Conditioner), a limited liability company jointly set up by Sichuan Changhong and Changhong Chuangtou, was founded on November 28, 2008. Its registered capital was RMB 200 million upon establishment, of which, Sichuan Changhong invested RMB 298 million (RMB 210,088,900 invested by monetary capital while RMB

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87,911,100 invested by real material), equivalent to RMB 198 million shares, accounting for 99% of the registered capital; and Changhong Chuangtou invested RMB 3 million, accounting for 1% of the registered capital with equivalent of RMB 2 million shares. The registered capital receipt was verified by the verification report [CGYYZ (2008) No. 177] of Sichuan Guangyuan Certified Public Accountants Co., Ltd. and [HLTHYZ (2008) No. 12-006] of Sichuan Henglitai Certified Public Accountants Co., Ltd. In December 2009, the Company obtained 100% equity of Changhong Air-conditioner by consolidated under the same control. In 2017, the Company increased capital of 650 million Yuan to Changhong Air Conditioner, after capital increased, registered capital of Changhong Air Conditioner comes to 850 million Yuan from 200 million Yuan, shareholding still counted as 100%.

25) Zhongshan Changhong Electric Co., LTD (hereinafter referred to as Zhongshan Changhong), was the original Guangdong Changhong Electric Co., Ltd., and is a limited liability company jointly set up by Sichuan Changhong and China Minmetals on May 22, 2001. Its registered capital was RMB 80 million upon establishment, of which, Sichuan Changhong invested RMB 72 million, including RMB 69.3 million bidding for the estate/ non-estate from original Zhongshan Sanrong Air-conditioner Co., Ltd. And its patent use-right of RMB2.7 million, accounting for 90% of the registered capital; China Minmetals invested RMB 8 million in monetary capital accounting 10% of the registered capital. The Company changed its name originally from Guangdong Changhong Electric Co., Ltd in July 2003. In December 2009, the Company obtained 90% equity of Zhongshan Changhong by consolidated under same control. 10% equity held by China Minmetals has been transferred by Changhong Air-conditioner on April 11, 2010. On 25 May 2014, the Company increased RMB 36 million to Zhongshan Changhong, and Changhong AC increased RMB 4 million. In 2016, according to the overseas development strategy of the Company and the development and operation needs of the subsidiaries, the Company and the wholly-owned subsidiary Changhong Air Conditioning have increased capital of RMB 64 million Yuan to Zhongshan Changhong according to the existing shareholding ratio, among which the capital increase of the Company was RMB 57.6 million Yuan, and the capital increase of Changhong Air Conditioning was RMB 6.4 million Yuan. After the completion of this capital increase, the registered capital Zhongshan Changhong shall increase to RMB 184 million Yuan, the shareholding ratio of the company and Changhong Air Conditioning remained unchanged and was still 90% and 10%, of which the Company invested 165.6 million Yuan, accounting for 90% of the registered capital, Changhong Air Conditioning invested 18.4 million Yuan, accounting for 10% of the registered capital. In March 2020, in accordance with the Company's overseas development strategy and the operation and development needs of its subsidiaries, the Company and its wholly-owned subsidiary Changhong Air Conditioning increased capital of RMB 150 million to Zhongshan Changhong according to the existing shareholding ratios, of which the Company increased capital of RMB 135 million, Changhong Air-Conditioning increased capital of RMB 15 million. After the completion of capital increase, the registered capital of Zhongshan Changhong has increased to RMB 334 million. The Company's and Changhong's shareholding ratios in Zhongshan Changhong remain unchanged at 90% and 10%, of which the Company funded RMB 300.6 million, accounting for 90% of the registered capital, while Changhong Air Conditioning funded RMB 33.4 million, accounting for 10% of the registered capital.

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

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

28) 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.

29) 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.

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

31) 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.

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

33) 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.

34) Anhui Tuoxing Technology Co., Ltd. (hereinafter referred to as Tuoxing Technology) was established on 20 May 2019 with registered capital of 10 million Yuan and it is the subsidiary of Zhongke Meiling with fully-owned establishment. As of December 31, 2019, no capital contributes.

(2) Major non-wholly-owned subsidiary

Subsidiary	Shareholding ratio of minority	Gains/losses attributable to minority in the year	Dividend distributed to minority announced in the year	Balance of minority's interest at period-end
Meiling CANDY	40.00%	-1,728,214.38		21,549,861.33
Changmei Technology	3.74%	10,286.06		113.58
Zhongke Meiling	36.73%	1,170,282.45	4,796,676.00	53,072,902.46
Hongyuan Ground Energy	49.00%	-4,779,592.77		14,946,477.30
Changhong Ridian	0.96%	93,628.03	600,000.00	984,042.15

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

Subsidiary	Ending balance
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Subsidiary	Ending balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Meiling CANDY	101,990,370.21	513,718.57	102,504,088.78	41,191,270.76	7,356,824.76	48,548,095.52
Changmei Technology	3,033.84		3,033.84			
Zhongke Meiling	276,074,904.34	135,376,795.24	411,451,699.58	258,478,867.50	8,484,891.35	266,963,758.85
Hongyuan Ground Energy	96,273,988.29	29,170,335.57	125,444,323.86	93,582,672.02	1,358,636.95	94,941,308.97
Changhong Ridian	370,253,734.21	52,997,714.77	423,251,448.98	321,006,977.91	150,098.37	321,157,076.28

(Continued)

Subsidiary	Opening balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Meiling CANDY	107,483,599.72	560,471.69	108,044,071.41	42,492,057.38	7,356,824.76	49,848,882.14
Changmei Technology	813,640.04	69,816.35	883,456.39	1,155,157.08		1,155,157.08
Zhongke Meiling	173,698,258.09	135,802,000.42	309,500,258.51	146,202,370.20	8,938,774.23	155,141,144.43
Hongyuan Ground Energy	72,495,161.24	29,851,452.34	102,346,613.58	59,872,173.74	2,217,153.99	62,089,327.73
Changhong Ridian	469,012,870.35	55,302,405.39	524,315,275.74	368,560,861.13	171,540.99	368,732,402.12

(Continued)

Subsidiary	Current amount			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Meiling CANDY	1,627,127.27	-4,320,535.96	-4,320,535.96	530,341.33
Changmei Technology		274,734.53	274,734.53	-36,018.69
Zhongke Meiling	113,979,900.96	3,187,502.65	3,187,502.65	-1,593,316.20
Hongyuan Ground Energy	89,983,710.53	-9,754,270.96	-9,754,270.96	6,460,975.38
Changhong	388,868,705.58	8,761,499.08	8,761,499.08	-79,204,317.51

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Subsidiary	Current amount			
Ridian				

(Continued)

Subsidiary	Last period			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Meiling CANDY	202,748,512.94	-12,044,830.55	-12,044,830.55	-19,338,158.67
Changmei Technology	8,371,432.27	-3,245,434.46	-3,245,434.46	-3,850,631.51
Zhongke Meiling	104,654,118.52	6,108,281.21	6,108,281.21	14,717,867.84
Hongyuan Ground Energy	161,373,764.24	-12,666,951.69	-12,666,951.69	-13,509,130.08
Changhong Ridian	284,981,563.96	8,263,471.00	8,263,471.00	17,513,052.52

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

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

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

Item	Chengdu Meiling	Shanghai Meiling	Ridian Technology	Total
Original ratio of shares held	96.00%	99.00%	98.855%	
Equity purchased from minority	4.00%	1.00%	0.1811%	
Share issuance				
Ratio of shares held at period-end	100.00%	100.00%	99.0361%	
Cost of purchasing minority equity	1.00	1.00	280,049.17	280,051.17
Less: Ratio of the net assets measured by equity ratio while acquiring the subsidiary	-450,354.49	-119,870.42	290,387.46	-279,837.45
Equity dilution for shares issuance				
Balance	450,355.49	119,871.42	-10,338.29	559,888.62
Including: Capital public reserve adjusted	450,355.49	119,871.42	-10,338.29	559,888.62

In 2020, due to the acquisition of minority shareholder's shares under the name of Chengdu Meiling

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Electrical Marketing Co., Ltd by the subsidiary, and the difference between the newly acquired long-term equity investment and the share of net assets that should be continuously calculated by the subsidiary from the purchase date in accordance with the newly increased shareholding ratio was 450,355.49 yuan, which was included in capital reserve.

In 2020, due to the acquisition of minority shareholder's shares under the name of Shanghai Meiling Electrical Marketing Co., Ltd., and the difference between the newly acquired long-term equity investment and the share of net assets that should be continuously calculated by the subsidiary from the purchase date in accordance with the newly increased shareholding ratio was 119,871.42 yuan, which was included in capital reserve.

In 2020, the company acquired the minority shareholders of Changhong Meiling Ridian Technology Co., Ltd., and the difference between the newly acquired long-term equity investment and the share of net assets that should be continuously calculated by the subsidiary from the purchase date in accordance with the newly increased shareholding ratio was -10,338.29 yuan, which was included in capital reserve.

3. Equity in joint venture or associate enterprise

(1) Major joint venture or associate enterprise

Joint venture or associate enterprise	Main office place	Registr ation place	Business nature	Shareholding ratio (%)		Accounting treatment for investment of joint venture or associate enterprise
				Direct ly	Indire ctly	
Associate enterprise:						
1.Changhong Ruba Electric Company (Private)Ltd.	Lahore, Pakistan	Lahore	R&D and manufacturin g		40.00	Equity
2.Hefei Xingmei Assets Management Co., Ltd.	Hefei	Hefei	Rental, agency	48.28		Equity
3.Sichuan Zhiyijia Network Technology Co., Ltd.	Mianyang	Mianyang	Sales	30.00		Equity
4.Hongyuan Ground Energy Heat Tech. Co., Ltd.	Mianyang	Mianyang	R & D, sales, after-sales		49.00	Equity
5.Sichuan Tianyou Guigu Technology Co., Ltd	Mianyang	Mianyang	R&D and manufacturin g		25.00	Equity
6.Chengdu Guigu Environmental Tech. Co.,	Chengdu	Chengdu	R&D, manufacturin		25.00	Equity

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Joint venture or associate enterprise	Main office place	Registration place	Business nature	Shareholding ratio (%)		Accounting treatment for investment of joint venture or associate enterprise
				Directly	Indirectly	
Associate enterprise:						
Ltd.			g and sales			

(2) Financial information for major Joint venture: Nil

(3) Financial information for associate enterprise

Item	Ending balance / Current amount					
	Changhong Ruba Electric Company (Private) Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hongyuan Ground Energy Heat Tech Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.	Chengdu Guigu Environmental Tech Co., Ltd.
Current assets	109,286,574.13	1,711,821.12	2,583,553,136.17	47,027,702.79	21,304,228.40	16,565,458.88
Including: cash and cash equivalent	5,436,016.48	226,717.86	1,337,829,306.09	172,640.47	9,068,753.09	2,298,848.41
Non-current assets	49,872,737.22	16,606,486.00	1,318,342.50	12,013,422.17	53,332.84	14,169,694.77
Total assets	159,159,311.35	183,183,07.12	2,584,871,478.67	59,041,124.96	21,357,561.24	30,735,153.65
Current liability	166,551,417.69	1,239,441.24	2,497,722,644.92	11,394,761.62	10,106,355.41	16,789,184.49
Non-current liability		-	334,740.00			
Total liabilities	166,551,417.69	1,239,441.24	2,498,057,384.92	11,394,761.62	10,106,355.41	16,789,184.49
Minority's interest						943,994.83
Equity attributable to shareholder of parent company	-7,392,106.34	17,078,865.88	86,814,093.75	47,646,363.34	11,251,205.83	13,001,974.33
Share of net assets measured by shareholding ratio	-2,956,842.55	8,245,676.45	43,407,046.88	23,346,718.04	2,812,801.46	3,250,493.58
Adjustment						
-Goodwill			821,877.28			3,887,027.34
Unrealized profit of the internal downstream transactions	442,772.94		5,088,289.24	74,539.10	4,447.62	30,140.07
Unrealized profit of the internal upstream transactions						

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Other	3,399,615.49					
Book value of the equity investment for associate enterprise	-	8,245,676.45	39,140,634.92	23,272,178.94	2,808,353.84	7,107,380.85
Fair value of equity investment for the associate with consideration publicly						
Operation income	45,300,541.58	-	3,605,343,938.12	23,259,797.54	10,087.61	1,501,031.58
Financial expenses	10,265,459.27	-1,117.38	-22,628,943.85	1,359.95	-134,260.28	124,588.98
Income tax expenses		-	1,037,833.62			
Net profit	-11,109,497.99	-639,886.66	5,881,057.16	-128,904.93	23,543.66	-4,433,824.06
Net profit of discontinuing operation						
Other comprehensive income	188,871.84					
Total comprehensive income	-10,920,626.15	-639,886.66	5,881,057.16	-128,904.93	23,543.66	-4,433,824.06
Dividend received from associate enterprise in the period			6,649,787.97			

(Continued)

Item	Opening balance Same period last year					
	Changhong Ruba Electric Company (Private) Ltd.	Hefei Xingmei Assets Management Co., Ltd.	Sichuan Zhiyijia Network Technology Co., Ltd.	Hongyuan Ground Energy Heat Tech Co., Ltd.	Sichuan Tianyou Guigu Technology Co., Ltd.	Chengdu Guigu Environmental Tech Co., Ltd.
Current assets	104,632,500.22	1,833,902.21	3,365,539,682.22	46,101,621.41	21,254,869.83	18,277,711.92
Including: cash and cash equivalent	5,030,479.12	1,726,698.95	2,349,815,225.85	925,625.77	11,975,680.17	3,026,977.11
Non-current assets	52,830,981.68	17,138,280.87	1,252,898.22	12,965,065.72	39,777.34	14,593,410.88
Total assets	157,463,481.90	18,972,183.08	3,366,792,580.44	59,066,687.13	21,294,647.17	32,871,122.80
Current liability	153,934,962.09	1,253,430.54	3,272,121,806.17	11,291,418.86	10,066,985.00	14,376,055.61
Non-current liability			651,580.00			
Total liabilities	153,934,962.09	1,253,430.54	3,272,773,386.17	11,291,418.86	10,066,985.00	14,376,055.61
Minority's interest						1,059,268.80
Equity attributable to shareholder of parent company	3,528,519.81	17,718,752.54	94,019,194.27	47,775,268.27	11,227,662.17	17,435,798.39

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Share of net assets measured by shareholding ratio	1,411,407.92	8,554,613.73	47,009,597.14	23,409,881.45	2,806,915.54	4,358,949.60
Adjustment						
-Goodwill			821,877.28			3,887,027.34
Unrealized profit of the internal downstream transactions	393,075.11		2,223,966.56	34,940.80	4,691.99	28,751.02
Unrealized profit of the internal upstream transactions						
Other	-1,018,332.81					
Book value of the equity investment for associate enterprise	-	8,554,613.73	45,607,507.85	23,374,940.65	2,802,223.55	8,217,225.92
Fair value of equity investment for the associate with consideration publicly						
Operation income	162,916,496.00		243,021,379.62	16,939,634.90	-290,706.70	22,927,852.35
Financial expenses	24,206,842.56	-3,153.87	5,617,886.35	-788.08	-163,651.65	89,217.31
Income tax expenses						
Net profit	-18,627,283.09	-969,500.31	-9,710,951.08	115,981.57	-2,769,666.72	408,485.31
Net profit of discontinuing operation						
Other comprehensive income	-4,412,343.03					
Total comprehensive income	-23,039,626.12	-969,500.31	-9,710,951.08	115,981.57	-2,769,666.72	408,485.31
Dividend received from associate enterprise in the period						

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

Item	Ending balance / Current amount	Opening balance / Last period
Associate enterprise:		
Total book value of investment		
Total amount measured by shareholding ratio		
--Net profit	-129,133.66	-144,198.04
--Other comprehensive income		
--Total comprehensive income	-129,133.66	-144,198.04

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

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(6) Excess loss occurred in joint venture or affiliates: Nil

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

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

4. Major conduct joint operation: Nil

5. Structured body excluding in consolidate financial statement: Nil

IX. Relevant risks related with financial instrument

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

In connection with exchange risks, in order to prevent from exchange risks arising from foreign currency transaction amount, foreign currency dominated loans and interest expenditure, the Company entered into several forward exchange contracts with banks. Fair value of the forward exchange contract which has been recognized as derivative financial instrument has been included in profits and losses. As export business is increasing, if risks that are out of control of the Company occur such as appreciation of RMB, the Company will mitigate the relevant risks by adjusting its sales policy.

The Company's interest rate risk arises from bank borrowings and interest-bearing debt. Financial liabilities at floating rate expose the Company to cash flow interest rate risk, and financial liabilities at fixed rate expose the Company to fair value interest rate risk. The Company will determine the respective proportion of contracts at fixed and floating rates based on the prevailing market conditions. As of 30 June 2020, the interest-bearing debts mainly referred to borrowing contracts at floating rate denominated in RMB with total amount of 1,322,740,000.00 Yuan, the floating rate loan contract measured by RMB amounted as 577,000,000.00 Yuan in total; borrowing contracts at fixed rate denominated in USD with total amount of 106,192,500.00 Yuan; borrowing contracts at fixed rate denominated in IDR with total amount of 26,370,009.60 Yuan; borrowing contracts at fixed rate denominated in Euro with total amount of 75,629,500.00 Yuan. Risks relating to change of fair value of financial instruments arising from movement of interest rate mainly related to bank borrowings at fixed rate. As for borrowings at fixed rate, the Company aims to keep its floating rate. Risks relating to change of cash flow of financial instruments arising from movement of interest rate mainly related to bank borrowings at floating rate. The Company establishes its policy to keep floating rate for these borrowings so as to eliminate fair value risk arising from movement of interest rate.

X. Fair value disclosure

1. Asset and liability measured by fair value at end of the period and fair value measurement level

Item	Fair value at period-end			
	1 st level	2 nd level	3 rd level	Total

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Item	Fair value at period-end			
	1 st level	2 nd level	3 rd level	Total
Financial assets measured by fair value and with variation reckoned into current gains/losses				
1. Tradable financial assets				
(1) Derivative financial assets		2,944,998.77		2,944,998.77
Financial liability measured by fair value and with variation reckoned into current gains/losses				
1. Tradable financial liability				
(1) Derivative financial liability		6,027,595.47		6,027,595.47

The derivative contract is measured by fair value on 2nd level, which is the real-time quote on foreign exchange market on balance sheet date

XI. Related parties and related transaction

(i) Relationship of related parties

1. Controlling shareholder and ultimate controller

(1) Controlling shareholder and ultimate controller

Controlling shareholder and ultimate controller	Registration place	Business nature	Registered capital	Share-holding ratio in the Company	Voting rights ratio in the Company
Sichuan Changhong Electric Co., Ltd.	Mianyang	Manufacturing and sales	4,616,244,222.00	26.98%	26.98%

Sichuan Changhong Electronics Holding Group Co., Ltd. is the controlling shareholder of Sichuan Changhong Electric Co., Ltd., and the SASAC Mianyang office holds 100.00% equity interests of Sichuan Changhong Electronic Holding Group, which means that SASAC Mianyang office is the ultimate controller of the Company.

(2) Register capital and change thereof of controlling shareholder

Controlling shareholder	Opening balance	Current increased	Current decreased	Ending balance
Sichuan Changhong Electric Co., Ltd.	4,616,244,222.00			4,616,244,222.00

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

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

2. Subsidiary

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

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3. Joint venture and associated enterprise

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

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

4. Other related party

Other related party	Relationship with the company
Changhong Huayi Compressor Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jijia Fine Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Package Printing Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong New Energy Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
081 Electronic Group	Control by same controlling shareholder and ultimate controller
Guangdong Changhong Electronics Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongwei Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Power Source 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 Property Services Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Ailian Science & Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller

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Other related party	Relationship with the company
Hunan Grand-Pro Intelligent Tech. Company	Control by same controlling shareholder and ultimate controller
Sichuan Aichuang Science & Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guangyuan Changhong Electronic Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Control by same controlling shareholder and ultimate controller
Hefei Changhong Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Changhong International Holdings (Hong Kong) Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Minsheng Logistics Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongxin Software Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Jiahong Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong International Hotel Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong International Travel Service Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Network Technology 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
Lejiayi Chain Management Co., Ltd.	Control by same controlling shareholder and ultimate controller
PT.CHANGHONG ELECTRIC INDONESIA	Control by same controlling shareholder and ultimate controller
CHANGHONG (HK) TRADING LIMITED	Control by same controlling shareholder and ultimate controller
CHANGHONG ELECTRIC (AUSTRALIA)	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Device Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Huafeng Enterprise Group Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Property Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Smart Health Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
BVCH Optonics (Sichuan) Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Group Finance Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Education Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Electronic System Co., Ltd.	Control by same controlling shareholder and ultimate controller
Orion.PDP.Co.,ltd	Control by same controlling shareholder and ultimate controller

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Other related party	Relationship with the company
Changhong Europe Electric s.r.o	Control by same controlling shareholder and ultimate controller
Yibin Red-Star Electronics Co., Ltd.	Control by same controlling shareholder and ultimate controller
CHANGHONG ELECTRIC MIDDLE EAST FZCO	Control by same controlling shareholder and ultimate controller
Mianyang Huafeng Interconnection Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Intelligent Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongcheng Real Estate Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Huanyu Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Mianyang Science & Technology City Big Data Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jineng Sunshine Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Changhong Shundatong Tech. Development Co., Ltd.	Control by same controlling shareholder and ultimate controller
Chengdu Changhong Electronic Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Yuanxin Financial Lease Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Hongmofang Network Technology Co., Ltd.	Other enterprise that have the same controlling shareholder
Sichuan Hongyu Metal Manufacturing Co., Ltd.	Associated enterprise of other enterprise that have the same controlling shareholder
Sichuan Yunyou Internet Technology Co., Ltd.	Associated enterprise of other enterprise that have the same controlling shareholder
Sichuan Changxin Refrigeration Parts Co., Ltd.	Associated enterprise of controlling shareholder
Mianyang Highly Electric Co., Ltd.	Associated enterprise of controlling shareholder
Sichuan Hongran Green Energy Co., Ltd.	Associated enterprise of controlling shareholder
Beijing Changhong Tech. Co. Ltd,	Subsidiary of the controlling shareholder's associate

(ii) Related transactions

1. Purchasing commodity

Related party	Content	Current amount (in 10 thousand Yuan)	Last period (in 10 thousand Yuan)
Sichuan Changhong Electric Co., Ltd.	Purchasing commodity	18,465.23	18,083.03
Sichuan Changhong Electronics Holding Group Co., Ltd.	Purchasing commodity	1.59	
Changhong Huayi Compressor Co., Ltd.	Purchasing commodity	17,759.15	20,599.19
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Purchasing commodity	28,634.55	38,909.02

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Related party	Content	Current amount (in 10 thousand Yuan)	Last period (in 10 thousand Yuan)
Sichuan Changhong Jijia Fine Co., Ltd.	Purchasing commodity	13,209.22	17,967.00
Sichuan Changhong Package Printing Co., Ltd.	Purchasing commodity	3,616.69	6,539.21
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Purchasing commodity	744.35	1,030.50
Sichuan Changhong New Energy Technology Co., Ltd.	Purchasing commodity	1.71	0.59
081 Electronic Group	Purchasing commodity	10.08	95.04
Guangdong Changhong Electronics Co., Ltd.	Purchasing commodity	196.21	120.45
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchasing commodity	3.25	16.10
Sichuan Hongwei Technology Co., Ltd.	Purchasing commodity		168.36
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing commodity	44.87	23.61
Sichuan Changhong Power Source Co., Ltd.	Purchasing commodity		0.30
Sichuan Changhong Electronic Products Co., Ltd.	Purchasing commodity	1,209.94	2,014.78
Sichuan Changhong Property Services Co., Ltd.	Purchasing commodity	0.03	
Sichuan Ailian Science & Technology Co., Ltd.	Purchasing commodity	1,641.27	1,175.20
Hunan Grand-Pro Intelligent Tech. Company	Purchasing commodity	766.89	221.15
Sichuan Aichuang Science & Technology Co., Ltd.	Purchasing commodity	4,319.04	4,175.90
Sichuan Changxin Refrigeration Parts Co., Ltd.	Purchasing commodity	13,415.61	25,519.21
Guangyuan Changhong Electronic Technology Co., Ltd.	Purchasing commodity	0.88	
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Purchasing commodity	0.19	
Mianyang Highly Electric Co., Ltd.	Purchasing commodity	7,870.76	15,545.66
Changhong Ruba Electric Company (Private) Ltd.	Purchasing commodity	4,630.78	12,020.14
Hongyuan Ground Energy Heat Tech. Co., Ltd.	Purchasing commodity	374.67	
Sichuan Tianyou Guigu Technology Co., Ltd.	Purchasing commodity		-29.26
Chengdu Guigu Environmental Tech. Co., Ltd.	Purchasing commodity		6.46
Hefei Changhong Industrial Co., Ltd.	Purchasing commodity	14.65	
Changhong International Holdings (Hong Kong) Co., Ltd.	Purchasing commodity	870.43	
Total		117,802.04	164,201.64

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2. Accept the labor services

Related party	Content	Current amount	Last period
Sichuan Changhong Electronics Holding Group Co., Ltd.	Accept the labor services	711,931.57	355,937.03
Sichuan Changhong Electric Co., Ltd.	Accept the labor services	10,404,495.04	5,194,850.47
Sichuan Changhong Minsheng Logistics Co., Ltd.	Accept the labor services	183,300,319.49	234,971,186.87
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Accept the labor services	509,633.16	82,518.41
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Accept the labor services	91,822,618.54	60,542,230.02
Sichuan Hongxin Software Co., Ltd.	Accept the labor services	703,487.72	560,220.75
Guangdong Changhong Electronics Co., Ltd.	Accept the labor services	142,467.10	269,770.19
Sichuan Jiahong Industrial Co., Ltd.	Accept the labor services	471,372.03	59,318.00
Sichuan Changhong International Hotel Co., Ltd.	Accept the labor services	10,827.32	88,864.48
Sichuan Changhong International Travel Service Co., Ltd.	Accept the labor services	99,699.89	226,778.81
Sichuan Changhong Property Services Co., Ltd.	Accept the labor services	1,627,043.79	1,835,408.94
Sichuan Hongwei Technology Co., Ltd.	Accept the labor services	4,108,738.76	106,473.57
Sichuan Zhiyijia Network Technology Co., Ltd.	Accept the labor services	113,548.74	9,004,733.41
Sichuan Changhong Network Technology Co., Ltd.	Accept the labor services		24,474.11
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Accept the labor services	884.96	900,754.83
Sichuan Changhong Jijia Fine Co., Ltd.	Accept the labor services	642,657.00	25,195.83
Sichuan Changhong Electronic Products Co., Ltd.	Accept the labor services		450,488.09
Sichuan Hongmofang Network Technology Co., Ltd.	Accept the labor services	2,122.64	
Total		294,671,847.75	314,699,203.81

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3. Purchase fuel and power

Related party	Content	Current amount	Last period
Sichuan Changhong Electric Co., Ltd.	Fuel and power accepted	8,261,144.64	10,300,048.70
Changhong Huayi Compressor Co., Ltd.	Fuel and power accepted	188,715.05	383,150.11
Guangdong Changhong Electronics Co., Ltd.	Fuel and power accepted	463,030.92	501,569.74
Hefei Changhong New Energy Technology Co., Ltd.	Fuel and power accepted	160,813.32	147,179.16
Sichuan Changhong Property Services Co., Ltd.	Fuel and power accepted	6,680.80	9,849.75
Sichuan Hongran Green Energy Co., Ltd.	Fuel and power accepted	189,240.25	708,567.36
Total		9,269,624.98	12,050,364.82

4. Sales of goods/provide labor service

Related party	Content	Current amount (in 10 thousand Yuan)	Last period (in 10 thousand Yuan)
Sichuan Changhong Electric Co., Ltd.	Sales of goods/provide labor service	430.79	623.87
Sichuan Changhong Electronics Holding Group Co., Ltd.	Sales of goods		31.91
Sichuan Changhong Jijia Fine Co., Ltd.	Sales of goods	2,555.35	2,698.81
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Sales of goods/provide labor service	8,468.88	10,882.50
Lejiayi Chain Management Co., Ltd.	Sales of goods	451.13	3,428.75
PT.CHANGHONGELECTRICINDONESIA	Sales of goods	670.07	381.52
CHANGHONG(HK)TRADINGLIMITED	Sales of goods	37,764.29	19,688.72
CHANGHONGELECTRIC(AUSTRALIA)	Sales of goods	5,137.25	1,712.51
Sichuan Hongwei Technology Co., Ltd.	Sales of goods		0.76
Sichuan Changhong Device Technology Co., Ltd.	Sales of goods/provide labor service	10.56	49.93
Sichuan Changhong Minsheng Logistics Co., Ltd.	Sales of goods	42.12	88.66
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Sales of goods	194.88	330.81
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Sales of goods	418.11	444.60
Hefei Changhong Industrial Co., Ltd.	Sales of goods	0.24	111.05

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Related party	Content	Current amount (in 10 thousand Yuan)	Last period (in 10 thousand Yuan)
Sichuan Huafeng Enterprise Group Co., Ltd.	Sales of goods/provide labor service	37.71	
Sichuan Zhiyijia Network Technology Co., Ltd.	Sales of goods	179,508.62	105,495.05
Sichuan Changhong Property Co., Ltd.	Sales of goods/provide labor service		157.86
Sichuan Changhong Network Technology Co., Ltd.	Sales of goods		0.10
Sichuan Changhong Smart Health Technology Co., Ltd.	Sales of goods		0.44
Sichuan Changhong Property Services Co., Ltd.	Sales of goods		4.60
Guangdong Changhong Electronics Co., Ltd.	Sales of goods	7.79	1.72
BVCH Optronics (Sichuan) Co., Ltd.	Sales of goods		0.68
Sichuan Changhong Electronic Products Co., Ltd.	Sales of goods		8.22
Sichuan Changhong Group Finance Co., Ltd.	Sales of goods		1.84
Changhong Huayi Compressor Co., Ltd.	Sales of goods/provide labor service		37.85
Sichuan Changhong Package Printing Co., Ltd.	Sales of goods		0.35
Sichuan Changhong Power Source Co., Ltd.	Sales of goods	1.81	4.41
Sichuan Changhong Education Technology Co., Ltd.	Sales of goods		70.86
081 Electronic Group	Sales of goods		1.72
Guangyuan Changhong Electronic Technology Co., Ltd.	Sales of goods	0.35	63.28
Sichuan Ailian Science & Technology Co., Ltd.	Sales of goods		2.09
Sichuan Jiahong Industrial Co., Ltd.	Sales of goods		13.87
Sichuan Changhong New Energy Technology Co., Ltd.	Sales of goods	42.57	3.06
Sichuan Changhong International Hotel Co., Ltd.	Sales of goods		3.62
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Sales of goods		0.09
Orion.PDP.Co.,Ltd	Sales of goods	1,049.00	1,936.82
Changhong International Holdings (Hong Kong) Co., Ltd.	Sales of goods	3,122.61	
Changhong Europe Electric s.r.o	Sales of goods	1,092.95	
CHANGHONG ELECTRIC MIDDLE EAST FZCO	Sales of goods	446.95	717.43
Sichuan Aichuang Science & Technology Co., Ltd.	Sales of goods/provide labor service	28.37	26.54
Sichuan Changxin Refrigeration Parts Co., Ltd.	Sales of goods	5,105.82	8,074.51
Mianyang Huafeng Interconnection Tech. Co., Ltd.	Sales of goods		324.56
Hongyuan Ground Energy Heat Tech. Co., Ltd.	Sales of goods	2,365.22	1,504.84

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Related party	Content	Current amount (in 10 thousand Yuan)	Last period (in 10 thousand Yuan)
Chengdu Guigu Environmental Tech. Co., Ltd.	Sales of goods	62.47	893.80
Changhong Ruba Electric Company (Private) Ltd.	Sales of goods	258.73	7,299.85
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Provide labor service	49.45	
Sichuan Changhong Intelligent Technology Co., Ltd.	Provide labor service	54.72	
Total		249,378.81	167,124.46

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

5. Provide fuels

Related party	Content	Current amount	Last period
Guangdong Changhong Electronics Co., Ltd.	Provide fuels	12,670.97	591,379.86
Sichuan Changhong Minsheng Logistics Co., Ltd.	Provide fuels	34,091.79	46,424.66
Sichuan Changhong Jijia Fine Co., Ltd.	Provide fuels	65,789.86	63,436.46
Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Provide fuels	2,965,740.57	3,686,814.01
Sichuan Zhiyijia Network Technology Co., Ltd.	Provide fuels	16,480.49	
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Provide fuels	4,085.08	693.51
Sichuan Changhong Device Technology Co., Ltd.	Provide fuels	361,054.22	402,243.20
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Provide fuels		4,860.07
Total		3,459,912.98	4,795,851.77

6. Related rental

(1) Rent out

Lessor	Lessee	Type of assets	Leasing income in this period	Leasing income last period
CHANGHONG MEILING	Sichuan Changhong Jijia Fine Co., Ltd.	Forklift	12,713.38	8,142.41
CHANGHONG MEILING	Sichuan Changhong Jijia Fine Co., Ltd.	Warehouse	66,900.76	66,640.08
CHANGHONG MEILING	Sichuan Changhong Jijia Fine Co., Ltd.	Apartment	3,417.92	3,417.92

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Lessor	Lessee	Type of assets	Leasing income in this period	Leasing income last period
CHANGHONG MEILING	Sichuan Changhong Jijia Fine Co., Ltd.	Workshop	134,544.22	271,283.23
CHANGHONG MEILING	Sichuan Changhong Jijia Fine Co., Ltd.	Appliance		300.00
CHANGHONG MEILING	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Warehouse	173,480.38	239,218.86
CHANGHONG MEILING	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Workshop	357,577.84	711,904.98
CHANGHONG MEILING	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Apartment	249,003.66	295,066.43
CHANGHONG MEILING	Sichuan Changhong Minsheng Logistics Co., Ltd.	Apartment	69,201.18	
CHANGHONG MEILING	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	office		132,641.68
CHANGHONG MEILING	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Workshop		43,241.00
CHANGHONG MEILING	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Forklift	4,800.00	4,800.00
CHANGHONG MEILING	Hefei Changhong Industrial Co., Ltd.	Apartment	56,700.43	96,003.82
CHANGHONG MEILING	Sichuan Changhong Electric Co., Ltd.	Apartment		20,314.50
CHANGHONG MEILING	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Apartment	9,864.00	15,657.14
CHANGHONG MEILING	Sichuan Ailian Science & Technology Co., Ltd.	Warehouse	1,343.10	1,343.10
CHANGHONG MEILING	Sichuan Aichuang Science & Technology Co., Ltd.	Warehouse	16,227.34	18,759.84
CHANGHONG MEILING	Sichuan Aichuang Science & Technology Co., Ltd.	叉车	2,532.50	1,713.68
CHANGHONG MEILING	Sichuan Hongwei Technology Co., Ltd.	Apartment	31,200.00	
CHANGHONG MEILING	Sichuan Zhiyijia Network Technology Co., Ltd.	Apartment	98,968.06	
Zhongke Meiling	Sichuan Changhong Minsheng Logistics Co., Ltd.	Workshop	1,310,400.00	1,411,295.19
Changhong Air-conditioner	Chengdu Guigu Environmental Tech. Co., Ltd.	Workshop	28,403.67	
Changhong Air-conditioner	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Workshop	2,962,527.42	
Changhong Air-conditioner	Sichuan Changhong Jijia Fine Co., Ltd.	Workshop	4,292,185.61	
Changhong Air-conditioner	Sichuan Changhong Electric Co., Ltd.	Workshop	327,319.42	
Changhong Air-conditioner	Sichuan Changhong Electric Co., Ltd.	meeting room	1,834.86	
Zhongshan	Guangdong Changhong Electronics Co., Ltd.	Second living	55,721.47	17,477.59

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Lessor	Lessee	Type of assets	Leasing income in this period	Leasing income last period
Changhong		area		
Zhongshan Changhong	Sichuan Changhong Minsheng Logistics Co., Ltd.	Partial lease of office building	16,422.70	18,637.42
Zhongshan Changhong	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Second living area	27,080.00	6,770.00
Zhongshan Changhong	Sichuan Changhong Device Technology Co., Ltd.	Second living area	10,861.40	
Zhongshan Changhong	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Second living area	25,400.00	4,050.00
Jiangxi Meiling	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Workshop	409,855.80	390,338.86
Jiangxi Meiling	Sichuan Changhong Minsheng Logistics Co., Ltd.	warehouse office	6,857.14	
Ridian Technology	Sichuan Changhong Device Technology Co., Ltd.	Workshop	764,656.24	711,493.90
Ridian Technology	Sichuan Hongwei Technology Co., Ltd.	Workshop	45,257.14	45,257.14
Total			11,573,257.64	4,535,768.77

(2) Lessee of related parties

Lessor	Lessee	Type of assets	Leasing expense in this period	Leasing expense last period
Sichuan Changhong Electric Co., Ltd.	Changhong Air-conditioner	Workshop, office	264,244.07	
Chengdu Changhong Electronic Technology Co., Ltd.	Hongmei Intelligent	office	310,722.13	240,812.32
Guangdong Changhong Electronics Co., Ltd.	Ground energy heat pump	Staff dormitory	42,425.47	12,970.19
Sichuan Changhong Electric Co., Ltd.	Mianyang Refrigeration	Workshop leasing	1,766,436.48	1,620,516.65
Sichuan Changhong Electronics Holding Group Co., Ltd.	Mianyang Refrigeration	Staff dormitory	25,087.32	14,000.23
Guangdong Changhong Electronics Co., Ltd.	Ridian Technology	Staff dormitory	32,765.89	
Sichuan Changhong Electric Co., Ltd.	Ridian Technology	Staff dormitory	48,257.03	
Beijing Changhong Tech. Co. Ltd,	Meiling Group	office		78,932.59
Sichuan Changhong Electric Co., Ltd.	Meiling Group	office	885,487.38	194,009.55
Guangdong Changhong Electronics Co., Ltd.	Zhongshan Changhong	Staff dormitory	67,231.64	
Guangdong Changhong Electronics Co., Ltd.	Zhongshan Changhong	Workshop leasing	338,551.56	
Total			3,781,208.97	2,161,241.53

7. Related guarantee

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

From 1 January 2020 to 30 June 2020

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

Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
CHANGHONG MEILING	Jiangxi Meiling	5,000.00	2019.03.12	2020.03.11	Y
CHANGHONG MEILING	Jiangxi Meiling	10,000.00	2019.03.14	2020.03.14	Y
CHANGHONG MEILING	Jiangxi Meiling	10,000.00	2020.04.09	2021.04.09	N
CHANGHONG MEILING	Meiling Group	6,000.00	2020.03.26	2021.03.26	N
CHANGHONG MEILING	Non-ferrous metals	1,000.00	2020.03.20	2021.03.05	N
CHANGHONG MEILING	Changhong Air-conditioner	20,000.00	2019.07.30	2020.03.25	Y
CHANGHONG MEILING	ChanghongRuba	2,062.41	2019.01.28	2020.02.15	Y
CHANGHONG MEILING	ChanghongRuba	2,103.51	2019.12.23	2021.01.05	N
CHANGHONG MEILING	ChanghongRuba	1,983.25	2020.01.17	2020.12.24	N
CHANGHONG MEILING	Ridian Technology	4,000.00	2019.03.31	2020.03.30	Y
CHANGHONG MEILING	Ridian Technology	6,500.00	2019.08.22	2020.08.22	N
CHANGHONG MEILING	Ridian Technology	2,500.00	2020.01.28	2020.07.27	N
CHANGHONG MEILING	Ridian Technology	3,000.00	2020.03.14	2021.03.13	N
CHANGHONG MEILING	Ridian Technology	4,000.00	2020.03.30	2021.03.31	N
CHANGHONG MEILING	Zhongke Meiling	3,000.00	2019.07.18	2020.07.17	N
CHANGHONG MEILING	Zhongke Meiling	2,000.00	2019.12.30	2020.11.22	N
CHANGHONG MEILING	Zhongke Meiling	3,000.00	2019.08.20	2020.08.19	N
CHANGHONG MEILING	Zhongke Meiling	2,000.00	2019.08.23	2020.08.23	N
CHANGHONG MEILING	Zhongke Meiling	920.00	2019.09.24	2020.09.24	N
CHANGHONG MEILING	Zhongke Meiling	1,000.00	2020.03.10	2021.03.10	N
CHANGHONG MEILING	Zhongke Meiling	1,500.00	2020.06.01	2021.03.12	N
CHANGHONG MEILING	Zhongke Meiling	500.00	2020.06.30	2021.03.15	N
CHANGHONG MEILING	Zhongshan Changhong	10,000.00	2018.08.09	2019.08.09	Y
CHANGHONG MEILING	Zhongshan Changhong	5,000.00	2018.10.23	2019.10.23	Y
CHANGHONG MEILING	Zhongshan Changhong	10,000.00	2019.01.25	2020.01.24	Y
CHANGHONG	Zhongshan	5,500.00	2019.03.15	2020.03.15	Y

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

From 1 January 2020 to 30 June 2020

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

Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
MEILING	Changhong				
CHANGHONG MEILING	Zhongshan Changhong	10,000.00	2019.03.31	2020.03.30	Y
CHANGHONG MEILING	Zhongshan Changhong	5,000.00	2019.06.20	2020.06.20	Y
CHANGHONG MEILING	Zhongshan Changhong	15,000.00	2019.06.28	2020.06.27	N
CHANGHONG MEILING	Zhongshan Changhong	2,000.00	2019.08.21	2020.08.20	N
CHANGHONG MEILING	Zhongshan Changhong	10,000.00	2019.08.31	2020.08.31	N
CHANGHONG MEILING	Zhongshan Changhong	20,000.00	2020.06.12	2021.03.10	N
CHANGHONG MEILING	Zhongshan Changhong	5,000.00	2020.03.09	2021.03.09	N
CHANGHONG MEILING	Zhongshan Changhong	15,000.00	2020.01.10	2021.01.10	N
CHANGHONG MEILING	Zhongshan Changhong	5,500.00	2020.03.15	2021.03.15	N
CHANGHONG MEILING	Zhongshan Changhong	17,900.00	2020.04.14	2021.04.13	N
CHANGHONG MEILING	Zhongshan Changhong	20,000.00	2020.03.30	2021.03.30	N
CHANGHONG MEILING	Zhongshan Changhong	12,000.00	2020.04.28	2021.04.28	N
Counter guarantee:					
Jiangxi Meiling	CHANGHONG MEILING	5,000.00	2019.03.12	2020.03.11	Y
Jiangxi Meiling	CHANGHONG MEILING	10,000.00	2019.03.14	2020.03.14	Y
Jiangxi Meiling	CHANGHONG MEILING	10,000.00	2020.04.09	2021.04.09	N
Meiling Group	CHANGHONG MEILING	6,000.00	2020.03.26	2021.03.26	N
Non-ferrous metals	CHANGHONG MEILING	1,000.00	2020.03.20	2021.03.05	N
Changhong Air-conditioner	CHANGHONG MEILING	20,000.00	2019.07.30	2020.03.25	Y
ChanghongRuba	CHANGHONG MEILING	2,062.41	2019.01.28	2020.02.15	Y
ChanghongRuba	CHANGHONG MEILING	2,103.51	2019.12.23	2021.01.05	N
ChanghongRuba	CHANGHONG MEILING	1,983.25	2020.01.17	2020.12.24	N
Ridian Technology	CHANGHONG MEILING	4,000.00	2019.03.31	2020.03.30	Y
Ridian Technology	CHANGHONG MEILING	6,500.00	2019.08.22	2020.08.22	N
Ridian Technology	CHANGHONG MEILING	2,500.00	2020.01.28	2020.07.27	N

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

From 1 January 2020 to 30 June 2020

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

Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
Ridian Technology	CHANGHONG MEILING	3,000.00	2020.03.14	2021.03.13	N
Ridian Technology	CHANGHONG MEILING	4,000.00	2020.03.30	2021.03.31	N
Zhongke Meiling	CHANGHONG MEILING	3,000.00	2019.07.18	2020.07.17	N
Zhongke Meiling	CHANGHONG MEILING	2,000.00	2019.12.30	2020.11.22	N
Zhongke Meiling	CHANGHONG MEILING	3,000.00	2019.08.20	2020.08.19	N
Zhongke Meiling	CHANGHONG MEILING	2,000.00	2019.08.23	2020.08.23	N
Zhongke Meiling	CHANGHONG MEILING	920.00	2019.09.24	2020.09.24	N
Zhongke Meiling	CHANGHONG MEILING	1,000.00	2020.03.10	2021.03.10	N
Zhongke Meiling	CHANGHONG MEILING	1,500.00	2020.06.01	2021.03.12	N
Zhongke Meiling	CHANGHONG MEILING	500.00	2020.06.30	2021.03.15	N
Zhongshan Changhong	CHANGHONG MEILING	10,000.00	2018.08.09	2019.08.09	Y
Zhongshan Changhong	CHANGHONG MEILING	5,000.00	2018.10.23	2019.10.23	Y
Zhongshan Changhong	CHANGHONG MEILING	10,000.00	2019.01.25	2020.01.24	Y
Zhongshan Changhong	CHANGHONG MEILING	5,500.00	2019.03.15	2020.03.15	Y
Zhongshan Changhong	CHANGHONG MEILING	10,000.00	2019.03.31	2020.03.30	Y
Zhongshan Changhong	CHANGHONG MEILING	5,000.00	2019.06.20	2020.06.20	Y
Zhongshan Changhong	CHANGHONG MEILING	15,000.00	2019.06.28	2020.06.27	N
Zhongshan Changhong	CHANGHONG MEILING	2,000.00	2019.08.21	2020.08.20	N
Zhongshan Changhong	CHANGHONG MEILING	10,000.00	2019.08.31	2020.08.31	N
Zhongshan Changhong	CHANGHONG MEILING	20,000.00	2020.06.12	2021.03.10	N
Zhongshan Changhong	CHANGHONG MEILING	5,000.00	2020.03.09	2021.03.09	N
Zhongshan Changhong	CHANGHONG MEILING	15,000.00	2020.01.10	2021.01.10	N
Zhongshan Changhong	CHANGHONG MEILING	5,500.00	2020.03.15	2021.03.15	N
Zhongshan Changhong	CHANGHONG MEILING	17,900.00	2020.04.14	2021.04.13	N
Zhongshan Changhong	CHANGHONG MEILING	20,000.00	2020.03.30	2021.03.30	N
Zhongshan	CHANGHONG	12,000.00	2020.04.28	2021.04.28	N

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From 1 January 2020 to 30 June 2020

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

Secured party	Sponsored party	Maximum guarantee amount (in 10 thousand Yuan)	Start	Date due	Completed (Y/N)
Changhong	MEILING				

8. Assets transfer, debt restructuring of related parties

Related party	Type	Current amount	Last period
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchase & build fixed assets	769,469.03	27,193,066.98
Sichuan Hongcheng Real Estate Co., Ltd.	Purchase & build fixed assets		56,603.77
Sichuan Changhong Electric Co., Ltd.	Purchase intangible assets	471,698.11	241,379.31
Sichuan Changhong Electric Co., Ltd.	Purchase & build fixed assets		32,509,712.14
Sichuan Hongxin Software Co., Ltd.	Purchase & build fixed assets		1,490,566.05
Sichuan Changhong Network Technology Co., Ltd.	Purchase & build fixed assets		820,476.33
Sichuan Changhong Electronic System Co., Ltd.	Purchase & build fixed assets		142,500.00
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing fixed assets	816,132.79	
Sichuan Huanyu Industrial Co., Ltd.	Purchase & build fixed assets	2,164,755.99	17,007,856.54
Sichuan Jiahong Industrial Co., Ltd.	Purchase & build fixed assets		1,347,541.41
Mianyang Science & Technology City Big Data Tech. Co., Ltd.	Purchase & build fixed assets		1,112,815.42
Sichuan Changhong Jineng Sunshine Technology Co., Ltd.	Purchasing fixed assets	42,348.02	
Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	Sales of fixed assets		8,149.87
Sichuan Changhong Electronics Holding Group Co., Ltd.	Sales of fixed assets		13,993.08
Sichuan Jiahong Industrial Co., Ltd.	Sales of fixed assets		4,813.70
Changhong Shundatong Tech. Development Co., Ltd.	Sales of fixed assets		128,199.13
Total		4,264,403.94	82,077,673.73

9. Other

Name of company	Content	Current amount (in 10 thousand Yuan)	Last period (in 10 thousand Yuan)
Yuanxin Financial Lease Co., Ltd.	Enterprise payment business, financial leasing	1,875.83	184.31

10. Related transaction with Changhong Finance Company

(1) Saving balance

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From 1 January 2020 to 30 June 2020

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

Name of company	Ending balance	Opening balance	Interest income from bank saving
CHANGHONG MEILING CO.,LTD.	2,689,352,840.31	3,081,631,716.95	40,888,177.59
Hebei Hongmao Household Appliance Technology Co., Ltd	223,926.31	1,799,703.59	18,385.72
Sichuan Changhong Air-conditioner Co., Ltd.	248,629,961.93	424,969,027.90	6,273,340.11
Zhongshan Changhong Electric Co., Ltd.	319,207,885.32	13,782,922.16	206,129.08
Hefei Meiling Group Holdings Limited	3,734.23	798.43	3,735.08
Mianyang Meiling Refrigeration Co., Ltd.	5,933.88	925.37	8.51
Zhongke Meiling Cryogenic Technology Co., Ltd.	139,961,092.75	90,904,816.77	1,680,261.47
Jiangxi Meiling Electric Appliance Co., Ltd.	9,524.64	9,504.34	20.30
Changhong Meiling Ridian Technology Co., Ltd.	61,856,693.95	76,106,470.22	367,411.73
Hongyuan Ground Energy Heat Pump Tech. Co., Ltd.	284,240.78	100,690.19	2,152.06
Hongyuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd	26,631,718.43	13,076,054.46	242,655.85
Anhui Tuoxing Technology Co., Ltd.	10,000,000.00		
Total	3,496,167,552.53	3,702,382,630.38	49,682,277.50

(2) Notes discounted

Name of company	Commercial bill book discounted amount	Commercial bill discounte d amount	Expenses of discounted
CHANGHONG MEILING CO.,LTD.	517,662,866.10	513,666,723.14	3,996,142.96
Sichuan Changhong Air-conditioner Co., Ltd.	221,122,027.51	219,109,026.04	2,013,001.47
Hongyuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd	7,422,611.40	7,340,947.30	81,664.10
Total	746,207,505.01	740,116,696.48	6,090,808.53

(3) Notes issued

Name of company	Issuing from	Note amount	Type
CHANGHONG MEILING CO.,LTD.	Sichuan Changhong Group Finance Co., Ltd.	367,378,133.83	Bank acceptance
Hebei Hongmao Household Appliance Technology Co., Ltd	Sichuan Changhong Group Finance Co., Ltd.	2,105,534.66	Bank acceptance
Sichuan Changhong Air-conditioner Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	543,181,338.48	Bank acceptance
Zhongke Meiling Cryogenic Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	12,343,642.11	Bank acceptance
Changhong Meiling Ridian Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	36,795,517.40	Bank acceptance
Zhongshan Changhong Electric Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	59,603,694.39	Bank acceptance
Hongyuan Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd	Sichuan Changhong Group Finance Co., Ltd.	8,173,830.28	Bank acceptance

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From 1 January 2020 to 30 June 2020

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

Name of company	Issuing from	Note amount	Type
Total		1,029,581,691.15	

(4) Borrowing: Nil

(5) Accounts receivable factoring: Nil

(III) Come and go balance with related parties

1. Receivable items

Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Changhong Electric Co., Ltd.	506,659.27			
Account receivable	Orion.PDP.Co.,Ltd	6,012,889.26		8,267,321.25	
Account receivable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	437,516.22		162,163.72	
Account receivable	Changhong Europe Electric s.r.o	10,896,766.89		1,664,405.17	
Account receivable	CHANGHONGELECTRIC(AUSTRALIA)	46,730,878.99		37,804,702.10	
Account receivable	Sichuan Changhong Minsheng Logistics Co., Ltd.	49,961.37		41,163.13	
Account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	121,083.95		211,621.68	
Account receivable	PT.CHANGHONGELECTRICINDONESIA	3,996,700.13		3,844,393.51	
Account receivable	CHANGHONG(HK)TRADINGLIMITED	174,327,884.40		75,242,050.75	
Account receivable	Sichuan Changhong Device Technology Co., Ltd.			327.80	
Account receivable	Lejiayi Chain Management Co., Ltd.	3,744,484.31		12,461,940.42	
Account receivable	Sichuan Zhiyijia Network Technology Co., Ltd.	698,675,608.77		375,948,123.63	
Account receivable	Sichuan Changhong Property Co., Ltd.	159,690.33		159,690.33	
Account receivable	Sichuan Changhong New Energy Technology Co., Ltd.	347,045.60			
Account receivable	Hefei Changhong Industrial Co., Ltd.	50,000.00		50,000.00	
Account receivable	Changhong International Holdings (Hong Kong) Co., Ltd.	10,190,492.45			
Account receivable	Guangdong Changhong Electronics Co., Ltd.			224,817.29	
Account receivable	CHANGHONG ELECTRIC MIDDLE EAST FZCO	2,510,737.61		1,552,183.58	

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From 1 January 2020 to 30 June 2020

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

Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Aichuang Science & Technology Co., Ltd.	9,210.63		43,297.65	
Account receivable	Sichuan Huafeng Enterprise Group Co., Ltd.	419,133.90			
Account receivable	Hongyuan Ground Energy Heat Tech. Co., Ltd.	174,921.11		10,720,675.24	
Account receivable	Changhong Ruba Electric Company (Private) Ltd.	79,813,363.98		86,214,001.68	
Account paid in advance	Sichuan Zhiyijia Network Technology Co., Ltd.			1,622.40	
Account paid in advance	Sichuan Changhong Minsheng Logistics Co., Ltd.			15,295.00	
Account paid in advance	Sichuan Hongran Green Energy Co., Ltd.			30,988.36	
Account paid in advance	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	4,138.06		16.80	
Other account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	586,370.70		500,000.00	
Other account receivable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.				
Other account receivable	Sichuan Changhong Property Co., Ltd.	309,410.65		309,410.65	
Other account receivable	Sichuan Changhong Minsheng Logistics Co., Ltd.	9,600.00			
Other account receivable	Sichuan Changhong International Hotel Co., Ltd.	27,589.45		27,589.45	
Other account receivable	081 Electronic Group	204,504.86		204,567.35	
Other account receivable	Changhong Huayi Compressor Co., Ltd.	45,200.00			
Other account receivable	Hefei Changhong Industrial Co., Ltd.	122,396.08		122,396.08	
Total		1,040,484,238.97		615,824,765.02	

2. Payable items

Item	Related party	Ending balance	Opening balance
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Annotations of Financial Statements of ChangHong Meiling Co., Ltd.

From 1 January 2020 to 30 June 2020

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

Item	Related party	Ending balance	Opening balance
Account payable	Sichuan Changhong Electric Co., Ltd.	47,403,684.66	153,791,187.83
Account payable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	163,711,166.53	75,808,653.32
Account payable	Changhong Huayi Compressor Co., Ltd.	107,819,208.51	59,533,997.08
Account payable	Sichuan Changhong Jijia Fine Co., Ltd.	97,517,019.30	12,883,071.50
Account payable	Sichuan Changhong Minsheng Logistics Co., Ltd.	7,351,784.21	210,699.13
Account payable	Sichuan Changhong Package Printing Co., Ltd.	36,799,481.64	3,080,005.38
Account payable	Sichuan Changhong Jineng Sunshine Technology Co., Ltd.	52,743.33	20,076.99
Account payable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	6,505,997.90	1,443,759.01
Account payable	081 Electronic Group	231,435.73	86,951.38
Account payable	Sichuan Changhong New Energy Technology Co., Ltd.		2,950.00
Account payable	Guangdong Changhong Electronics Co., Ltd.	957,434.40	113,504.45
Account payable	Sichuan Changhong Power Source Co., Ltd.	1,870.82	1,870.82
Account payable	Sichuan Hongyu Metal Manufacturing Co., Ltd.	14,662.40	14,662.40
Account payable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	148,664.39	127,050.71
Account payable	Sichuan Hongwei Technology Co., Ltd.	3,225.71	
Account payable	Sichuan Hongxin Software Co., Ltd.	537,698.11	340,000.00
Account payable	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	6,441,303.46	15,962,820.73
Account payable	Sichuan Changhong International Travel Service Co., Ltd.	48,090.00	167,858.10
Account payable	Sichuan Changhong Electronic System Co., Ltd.	5,432.53	5,432.53
Account payable	Sichuan Jiahong Industrial Co., Ltd.	14,764.05	14,764.05
Account payable	Sichuan Changhong Network Technology Co., Ltd.	7,229.72	7,229.72
Account payable	Sichuan Changhong Electronic Products Co., Ltd.	10,459,363.34	2,097,100.40
Account payable	CHANGHONG(HK)TRADINGLIMITED	3,052,516.27	3,052,516.27
Account payable	Sichuan Ailian Science & Technology Co., Ltd.	11,283,843.25	5,500,914.00
Account payable	Sichuan Aichuang Science & Technology Co., Ltd.	39,950,187.50	24,466,981.06
Account payable	Hunan Grand-Pro Intelligent Tech. Company	165,453.10	9,095,322.04
Account payable	Lejiayi Chain Management Co., Ltd.		16,856.00
Account payable	Guangyuan Changhong Electronic Technology Co., Ltd.		434,414.70
Account payable	Hefei Changhong Industrial Co., Ltd.	176,773.35	1,729.50
Account payable	Mianyang Science & Technology City Big Data Tech. Co., Ltd.	7,540.79	7,540.79
Account payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	48,386,359.56	692,843.70
Account payable	Mianyang Highly Electric Co., Ltd.	21,066,624.27	9,379,903.10
Account payable	Changhong Ruba Electric Company (Private) Ltd.	27,720,921.72	20,520,728.81

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

From 1 January 2020 to 30 June 2020

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

Item	Related party	Ending balance	Opening balance
Account payable	Changhong International Holdings (Hong Kong) Co., Ltd.	8,392,016.50	394,743.12
Contractual liabilities	Sichuan Changhong Electric Co., Ltd.	908,774.50	997,132.81
Contractual liabilities	Sichuan Changhong Electronics Holding Group Co., Ltd.		5,080.00
Contractual liabilities	Lejiayi Chain Management Co., Ltd.	406,331.40	2,227.97
Contractual liabilities	CHANGHONG(HK)TRADINGLIMITED	1,026.32	1,011.34
Contractual liabilities	CHANGHONG ELECTRIC MIDDLE EAST FZCO		627.86
Contractual liabilities	Changhong Huayi Compressor Co., Ltd.	66,037.73	66,037.73
Contractual liabilities	081 Electronic Group	25.55	25.55
Contractual liabilities	Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	985,795.36	659,496.67
Contractual liabilities	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	80,390.47	15,364.13
Contractual liabilities	Hefei Changhong Industrial Co., Ltd.	4,022.06	6,681.11
Contractual liabilities	Sichuan Zhiyijia Network Technology Co., Ltd.	3,985,095.87	3,816,946.86
Contractual liabilities	Hongyuan Ground Energy Heat Tech. Co., Ltd.	108,490.57	
Contractual liabilities	Sichuan Aichuang Science & Technology Co., Ltd.	2,000,000.00	
Contractual liabilities	Guangdong Changhong Electronics Co., Ltd.	542,700.00	
Contractual liabilities	Orion.PDP.Co.,ltd	16,471.68	
Contractual liabilities	Sichuan Changhong International Hotel Co., Ltd.	237,300.00	
Other account payable	Sichuan Changhong Electric Co., Ltd.	10,980,589.69	5,861,224.39
Other account payable	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	1,700,295.88	1,700,295.88
Other account	Sichuan Changhong Jijia Fine Co., Ltd.	400,500.00	400,500.00

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

Item	Related party	Ending balance	Opening balance
payable			
Other account payable	Sichuan Changhong Gerun Environmental Protection Tech. Co., Ltd.	10,000.00	10,000.00
Other account payable	Changhong Huayi Compressor Co., Ltd.	1,598,900.00	1,598,900.00
Other account payable	Sichuan Changhong Package Printing Co., Ltd.	51,256.56	50,000.00
Other account payable	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	192,717.54	192,717.54
Other account payable	Sichuan Changhong Minsheng Logistics Co., Ltd.	550,500.00	520,500.00
Other account payable	CHANGHONG(HK)TRADINGLIMITED	3,926,563.12	82,671.18
Other account payable	Sichuan Jiahong Industrial Co., Ltd.	22,054.24	20,002.24
Other account payable	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	2,066,743.98	1,282,495.95
Other account payable	Hunan Grand-Pro Intelligent Tech. Company	250,000.00	250,000.00
Other account payable	Yuanxin Financial Lease Co., Ltd.	18,130,775.34	1,315,045.86
Other account payable	Mianyang Science & Technology City Big Data Tech. Co., Ltd.		113,450.00
Other account payable	Sichuan Changhong Jineng Sunshine Technology Co., Ltd.	553,165.00	553,165.00
Other account payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	46,702.03	46,702.03
Other account payable	Sichuan Hongxin Software Co., Ltd.	61,978.23	61,978.23
Other account payable	Sichuan Zhiyijia Network Technology Co., Ltd.	41,940.00	41,940.00
Total		696,161,640.17	418,950,358.95

(IV) Commitments from related parties: Nil

XII. Share-based payment: Nil

XIII. Contingency

1. Pending action or possible liabilities formed from arbitration: Nil

2. Contingency from external guarantee: Nil

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3. Other contingency: Nil

XIV. Commitments: nil**XV. Events occurring after the balance sheet date**

1. Important non-adjustment items: Nil

2. Profit distribution: Nil

3. Major sales return: Nil

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

XVI. Other significant matters

1. Correction of previous periods and influence: Nil

2. Debt restructuring: Nil

3. Assets replacement: Nil

4. Pension plan: Nil

5. Discontinuing operation: Nil

6. Branch information

In 10 thousand Yuan

Item	Refrigerator , freezer, Washing machine	AC	Marketing	Small home appliances	Other	Sales in branch	Total
Operation income	347,191.32	281,781.49	1,274.25	51,107.08	13,862.62	15,630.69	679,586.07
Including: Income from trading outside	341,292.39	281,781.49	1,272.78	50,714.65	4,524.76		679,586.07
Income from trading in branch	5,898.92	-	1.47	392.43	9,337.87	15,630.69	
Operation expenses	362,465.73	293,377.86	1,770.92	50,329.95	12,303.79	15,556.64	704,691.61
Operation profit	-15,274.41	-11,596.37	-496.67	777.13	1,558.83	74.05	-25,105.54
Total assets	1,160,375.01	474,036.48	5,396.98	42,325.14	23,409.03	199,028.55	1,506,514.09
Total liability	664,269.73	348,373.90	19,121.31	32,115.71	12,668.70	53,423.91	1,023,125.44
Supplementary information		-	-	-			
Depreciation and amortization expenses	10,066.58	6,380.35	680	251.61	317.63	-42.96	17,065.93
Capital expenditure	13,343.65	7,819.10	-	21.88	155.91		21,340.54
Non cash expenses except for depreciation and amortization	43,426.51	29,058.20	-535.66	4,218.99	2,513.10	-531.61	79,212.75

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

From 1 January 2020 to 30 June 2020

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

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

1. Account receivable

(1) Category of account receivable

Category	Ending balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
Account receivable that withdrawal bad debt provision by single item	1,475,977,585.83	86.41%	4,893,949.76	0.33%	1,471,083,636.07
Including: current payment with related party	1,427,811,428.96	83.59%			1,427,811,428.96
Account receivable with letter of credit	43,272,207.11	2.53%			43,272,207.11
Account receivable with single minor amount but withdrawal single item bad debt provision	4,893,949.76	0.29%	4,893,949.76	100.00%	
Account receivable withdrawal bad debt provision by portfolio	232,067,230.27	13.59%	9,670,292.48	4.17%	222,396,937.79
Including: account receivable of engineering customers					-
Receivables other than engineering customers	232,067,230.27	13.59%	9,670,292.48	4.17%	222,396,937.79
Total	1,708,044,816.10	100.00%	14,564,242.24	0.85%	1,693,480,573.86

(Continued)

Category	Opening Balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
Account receivable that withdrawal bad debt provision by single item	1,006,525,937.93	86.22%	3,514,443.05	0.35%	1,003,011,494.88
Including: current payment with related party	965,981,524.72	82.75%			965,981,524.72
Account receivable with letter of credit	37,029,970.16	3.17%			37,029,970.16
Account receivable with single minor amount but withdrawal single item bad debt provision	3,514,443.05	0.30%	3,514,443.05	100.00%	
Account receivable withdrawal bad debt	160,872,283.13	13.78%	5,320,388.68	3.31%	155,551,894.45

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From 1 January 2020 to 30 June 2020

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

Category	Opening Balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Ratio	
provision by portfolio					
Including: account receivable of engineering customers	390,215.80	0.03%			390,215.80
Receivables other than engineering customers	160,482,067.33	13.75%	5,320,388.68	3.32%	155,161,678.65
Total	1,167,398,221.06	100.00%	8,834,831.73	0.76%	1,158,563,389.33

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

2) Account receivable withdrawal bad debt provision by portfolio

Account receivable of engineering customers

Account age	Ending balance		
	Account receivable	Bad debt provision	Provision ratio
Within 3 months (3 months included)	207,597,423.65	2,075,974.24	1.00%
Over 3 months and within 6 months (6 months included)	9,066,989.54	906,698.95	10.00%
Over 6 months and within one year (One year included)	8,276,911.56	1,655,382.31	20.00%
Over one year - within 2 years (2 years included)	2,595,427.63	1,297,713.82	50.00%
Over 2 years - within 3 years (3 years included)	3,979,773.65	3,183,818.92	80.00%
Over 3 years	550,704.24	550,704.24	100.00%
Total	232,067,230.27	9,670,292.48	

(2) By account age

Item	Ending balance
Within 3 months (3 months included)	1,372,341,297.29
Over 3 months and within 6 months (6 months included)	144,086,705.46
Over 6 months and within one year (One year included)	120,338,041.49
Over one year - within 2 years (2 years included)	51,754,344.55
Over 2 years - within 3 years (3 years included)	17,808,451.40

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

From 1 January 2020 to 30 June 2020

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

Item	Ending balance
Over 3 years	1,715,975.91
Total	1,708,044,816.10

(3) Account receivable bad debt reserves

Bad debt provision has 5,935,724.65 Yuan accrual in Current period; bad debt provision of 206,314.14 Yuan is switch-back; no trade receivables written-off in previous year was recovered this period.

(4) Account receivable actually written-off in Current period: Nil

(5) In Current period, top five receivables collected by arrears party amounting to 1,322,689,386.40 yuan in total, accounted for 77.44% of the receivables at balance of Current period-end, the bad debt provision accrual correspondingly amounting to 0.00 yuan at period-end balance.

(6) Account receivable terminated recognition due to the transfer of financial assets: nil**(7) No assets and liability transfer Account receivable and continues to involve at period-end.****2. Other account receivable**

Item	Ending balance	Opening Balance
Interest receivable	20,170,010.71	7,880,186.85
Dividend receivable		661,434.48
Other account receivable	24,602,991.53	33,423,018.09
Total	44,773,002.24	41,964,639.42

2.1 Interest receivable**(1) Category of interest receivable**

Item	Ending balance	Opening Balance
Interest receivable from time deposit	17,773,205.15	7,880,186.85
Income receivable from financial products	2,396,805.56	
Total	20,170,010.71	7,880,186.85

(2) Major overdue interest: nil**2.2 Dividend receivable****(1) Category of dividend receivable**

Item	Ending balance	Opening Balance
Huishang Bank Corporation Limited		661,434.48

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

From 1 January 2020 to 30 June 2020

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

(2) Major dividends receivable with account age over 1 year: Nil

2.3 Other account receivable

(1) Category of other account receivable

Nature	Ending book balance	Opening book Balance
Related party in consolidation statement	2,252,798.84	4,126,498.15
Related party not in consolidation statement	500,000.00	500,000.00
Loans of employee's pretty cash	9,638,796.77	6,014,409.39
Cash deposit	1,705,375.14	1,010,000.00
Export rebate	10,556,031.93	21,650,454.61
Other		133,182.08
Total	24,653,002.68	33,434,544.23

(2) Other account receivable bad debt reserves

Bad debt reserves	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
Balance as at 1 Jan. 2020		11,526.14		11,526.14
Book balance of Other account receivable in Current Period as at 1 Jan. 2020		—	—	—
--Transfer to the second stage				
-- Transfer to the third stage				
-- Reversal to the second stage				
-- Reversal to the first stage				
Provision in Current Period		-11,514.99	50,000.00	38,485.01
Reversal in Current Period				
Conversion in Current Period				
Write off in Current Period				
Other change				
Balance as at 30 Jun. 2020		11.15	50,000.00	50,011.15

(3) By account age

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From 1 January 2020 to 30 June 2020

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

Item	Ending balance
Within 3 months (3 months included)	14,251,567.39
Over 3 months and within 6 months (6 months included)	1,057,392.58
Over 6 months and within one year (One year included)	2,080,878.95
over one year-within two years (2 years included)	3,755,544.21
Over 2 years - within 3 years (3 years included)	676,260.00
Over 3 years	2,831,359.55
Total	24,653,002.68

(4) No actual verification of other receivables in Current period

(5) The top five in the ending amount of other receivables totaled RMB 14,177,277.18, accounting for 57.51% of the total amount of other receivables, and the aggregate amount of the ending balance of the corresponding provision for bad debts was RMB 0.00.

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

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

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

长虹美菱股份有限公司财务报表附注

2020 年 1 月 1 日至 2020 年 6 月 30 日

(本财务报表附注除特别注明外，均以人民币元列示)

3. Long-term equity investments

(1) Classification of long-term equity investments

Item	Ending balance			Opening balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Investment in subsidiaries:						
Zhongke Meiling Cryogenic Technology Co., Ltd.	42,652,000.00	-	42,652,000.00	42,652,000.00		42,652,000.00
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00	-	95,000,000.00	95,000,000.00		95,000,000.00
Hefei Meiling Electric Marketing Co., Ltd.	54,900,000.00	-	54,900,000.00	54,900,000.00		54,900,000.00
Zhongshan Changhong Electric Co., Ltd.	304,856,419.37	-	304,856,419.37	169,856,419.37		169,856,419.37
Sichuan Changhong Air-conditioner Co., Ltd.	955,600,437.79	-	955,600,437.79	955,600,437.79		955,600,437.79
Hefei Meiling Group Holdings Limited	113,630,000.00	-	113,630,000.00	113,630,000.00		113,630,000.00
Jiangxi Meiling Electric Appliance Co., Ltd.	79,000,000.00	-	79,000,000.00	79,000,000.00		79,000,000.00
Changhong Meiling Ridian Technology Co., Ltd.	91,082,111.12	-	91,082,111.12	90,802,061.95		90,802,061.95
Changmei Technology Co., Ltd.	48,128,000.00	48,128,000.00	-	48,128,000.00	48,128,000.00	
Meiling CANDY Washing Machine Co., Ltd.	60,000,000.00	27,675,208.01	32,324,791.99	60,000,000.00	25,082,892.26	34,917,107.74
Hefei Meiling Wulian Technology Co., Ltd.	6,000,000.00	-	6,000,000.00	6,000,000.00		6,000,000.00
Investment in associates:						
Hefei Xingmei Assets Management Co., Ltd.	8,245,676.45	-	8,245,676.45	8,554,613.73		8,554,613.73
Sichuan Zhiyijia Network Technology	44,228,924.16	-	44,228,924.16	47,831,474.41		47,831,474.41

长虹美菱股份有限公司财务报表附注

2020 年 1 月 1 日至 2020 年 6 月 30 日

(本财务报表附注除特别注明外,均以人民币元列示)

Item	Ending balance			Opening balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Co., Ltd.						
Total	1,903,323,568.89	75,803,208.01	1,827,520,360.88	1,771,955,007.25	73,210,892.26	1,698,744,114.99

(2) Investment in subsidiaries

Invested enterprise	Opening balance	Current increased	Current decreased	Ending balance	Provision for impairment loss in the period	Ending balance of impairment
Zhongke Meiling Cryogenic Technology Co., Ltd.	42,652,000.00			42,652,000.00		
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00			95,000,000.00		
Hefei Meiling Electric Marketing Co., Ltd.	54,900,000.00			54,900,000.00		
Zhongshan Changhong Electric Co., Ltd.	169,856,419.37	135,000,000.00		304,856,419.37		
Sichuan Changhong Air-conditioner Co., Ltd.	955,600,437.79			955,600,437.79		
Hefei Meiling Group Holdings Limited	113,630,000.00			113,630,000.00		
Jiangxi Meiling Electric Appliance Co., Ltd.	79,000,000.00			79,000,000.00		
Changhong Meiling Ridian Technology Co., Ltd.	90,802,061.95	280,049.17		91,082,111.12		
Changmei Technology Co., Ltd.	48,128,000.00			48,128,000.00		48,128,000.00
Meiling CANDY Washing Machine Co., Ltd.	60,000,000.00			60,000,000.00		27,675,208.01
Hefei Meiling Wulian Technology Co., Ltd.	6,000,000.00			6,000,000.00		
Total	1,715,568,919.11	135,280,049.17		1,850,848,968.28		75,803,208.01

长虹美菱股份有限公司财务报表附注

2020 年 1 月 1 日至 2020 年 6 月 30 日

(本财务报表附注除特别注明外, 均以人民币元列示)

(3) Investment in associates

Invested enterprise	Opening balance	Changes in the period								Ending balance	Ending balance of impairment
		Additional Investment	Investment reduction	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	8,554,613.73			-308,937.28						8,245,676.45	
Sichuan Zhiyijia Network Technology Co, Ltd	47,831,474.41			3,047,237.72			6,649,787.97			44,228,924.16	
Total	56,386,088.14			2,738,300.44			6,649,787.97			52,474,600.61	

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

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4. Operation income and operation cost

Item	Current period		Last period	
	Income	Cost	Income	Cost
Main business	2,453,463,713.88	2,260,946,436.99	3,595,970,830.12	3,108,565,034.11
Other business	760,500,119.30	761,172,953.16	938,785,397.22	923,829,071.09
Total	3,213,963,833.18	3,022,119,390.15	4,534,756,227.34	4,032,394,105.20

(1) Main business -Classified according to product

Product	Current period		Last period	
	Operation income	Operation cost	Operation income	Operation cost
Refrigerator, freezer	2,201,687,822.75	2,028,605,037.68	3,359,059,870.90	2,898,999,289.84
Washing machine	102,710,982.12	103,454,823.52	60,295,707.79	54,562,704.69
Small household appliances and kitchen and bathroom	146,212,337.07	126,125,131.02	175,588,336.18	154,221,270.69
Other	2,852,571.94	2,761,444.77	1,026,915.25	781,768.89
Total	2,453,463,713.88	2,260,946,436.99	3,595,970,830.12	3,108,565,034.11

(2) Main business -Classified according to region

Regions	Current period		Last period	
	Operation income	Operation cost	Operation income	Operation cost
Domestic	1,322,226,066.74	1,332,014,226.07	2,564,886,628.36	2,199,492,611.91
Overseas	1,131,237,647.14	928,932,210.92	1,031,084,201.76	909,072,422.20
Total	2,453,463,713.88	2,260,946,436.99	3,595,970,830.12	3,108,565,034.11

Top five clients in sales income amounted as RMB 1,158,120,716.61, a 36.03% in total operation income.

5. Investment income

Item	Current period	Last period
Long-term equity investment income by equity method	2,738,300.44	-2,832,319.70
Investment income arising from disposal of Tradable financial assets	3,755,039.20	-9,266,363.88
Income from financial products	1,432,328.96	31,627,554.38
Long-term equity investment income by cost method	69,912,000.00	4,590,000.00

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

From 1 January 2020 to 30 June 2020

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

Item	Current period	Last period
Total	77,837,668.60	24,118,870.80

XVIII. Approval of financial statement

The financial statement has already been approved from the board of directors of the Company for reporting dated 14 August 2020.

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

From 1 January 2020 to 30 June 2020

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

Supplementary information for financial statement

1. Non-recurring gains and losses for this year

(1) Non-recurring gains and losses regulated by Explanation Announcement of Information Disclosure on Stock Issuance Enterprise No.1—Non-recurring gains/losses (2008) from CSRC:

Item	Current period	Note
Gains and losses from disposal of non-current assets	-178,704.98	
Tax refund or mitigate due to examination-and-approval beyond power or without official approval document or accident		
Governmental subsidy reckoned into current gains/losses	52,704,872.66	
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	-2,782,746.40	
Switch-back of provision of impairment of account receivable which are treated with separate depreciation test	1,809,494.78	
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 of laws and regulations regarding to taxation and accounting		

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From 1 January 2020 to 30 June 2020

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

Item	Current period	Note
Trust fee obtained from trust operation		
Other non-operating income and expenditure except for the aforementioned ones	2,486,055.08	
Other gains and losses items complying with definition for non-recurring gains and losses		
Subtotal		
Impact on income tax	6,716,413.17	
Impact on minority equity(after taxation)	318,475.54	
Total	47,004,082.43	

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 the period 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	-4.29%	-0.2012	-0.2012
Net profit attributable to shareholders of parent company after deduction of non-recurring gains and losses	-5.25%	-0.2462	-0.2462

3. Accounting difference under the accounting rules in and out of China: Nil

4. Supplementary information for accounting policy changed: Nil

Changhong Meiling Co., Ltd.

15 August 2020